

SCHEDULE A

DRAFT ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF BUSHBUCKRIDGE LOCAL MUNICIPALITY 2016/17



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Sub-directorate: Budget

DRAFT ANNUAL BUDGET OF

BUSHBUCKRIDGE LOCAL MUNICIPALITY



2016/17 TO 2018/19
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Table of Contents

ANNEXURE	ERROR! BOOKMARK NOT DEFINED.
PART 1 – ANNUAL BUDGET	2
1.1 MAYOR'S REPORT.....	2
1.2 COUNCIL RESOLUTIONS	3
1.3 EXECUTIVE SUMMARY	4
1.4 OPERATING REVENUE FRAMEWORK	6
1.5 OPERATING EXPENDITURE FRAMEWORK.....	17
1.6 CAPITAL EXPENDITURE	24
1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY.....	27
PART 2 – SUPPORTING DOCUMENTATION	47
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS.....	47
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	50
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	59
2.4 OVERVIEW OF BUDGET RELATED-POLICIES	64
2.5 OVERVIEW OF BUDGET ASSUMPTIONS	67
2.6 OVERVIEW OF BUDGET FUNDING	69
2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS	84
2.8 COUNCILLOR AND EMPLOYEE BENEFITS.....	85
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	88
2.10 ANNUAL BUDGETS AND SDBIPs – INTERNAL DEPARTMENTS	97
2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	99
2.12 CAPITAL EXPENDITURE DETAILS	99
2.13 LEGISLATION COMPLIANCE STATUS	106
2.14 OTHER SUPPORTING DOCUMENTS.....	106
2.15 MUNICIPAL MANAGER'S QUALITY CERTIFICATE	116

List of Tables

Table 1 Consolidated Overview of the 2015/16 MTREF	5
Table 2 Summary of revenue classified by main revenue source.....	7
Table 3 Percentage growth in revenue by main revenue source	8
Table 4 Operating Transfers and Grant Receipts.....	10
Table 5 Comparison of proposed rates to levied for the 2014/15 financial year	Error! Bookmark not defined.
Table 6 Proposed Water Tariffs	13
Table 7 Comparison between current water charges and increases (Domestic)	Error! Bookmark not defined.
Table 8 Comparison between current electricityMunicipality charges and increases (Domestic)	Error! Bookmark not defined.

Table 9 Comparison between current sanitation charges and increases.....	14
Table 12 MBRR Table SA14 – Household bills.....	15
Table 13 Summary of operating expenditure by standard classification item	17
Table 14 Operational repairs and maintenance	21
Table 15 Repairs and maintenance per asset class.....	21
Table 16 2011/12 Medium-term capital budget per vote	24
Table 17 MBRR Table A1 - Budget Summary	27
Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	30
Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)	32
Table 20 Surplus/(Deficit) calculations for the trading services	32
Table 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)	33
Table 22 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.....	35
Table 23 MBRR Table A6 - Budgeted Financial Position	37
Table 24 MBRR Table A7 - Budgeted Cash Flow Statement	39
Table 25 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation	40
Table 26 MBRR Table A9 - Asset Management.....	42
Table 27 MBRR Table A10 - Basic Service Delivery Measurement	44
Table 28 IDP Strategic Objectives	51
Table 29 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue	55
Table 30 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure.....	56
Table 31 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure.....	57
Table 32 MBRR Table SA7 - Measurable performance objectives.....	60
Table 33 MBRR Table SA8 - Performance indicators and benchmarks.....	61
Table 34 Credit rating outlook	67
Table 35 Breakdown of the operating revenue over the medium-term	69
Table 36 Proposed tariff increases over the medium-term.....	71
Table 39 Sources of capital revenue over the MTREF	74
Table 41 MBRR Table SA 18 - Capital transfers and grant receipts	75
Table 42 MBRR Table A7 - Budget cash flow statement.....	76
Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation	78
Table 44 MBRR SA10 – Funding compliance measurement	80

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes.....	84
Table 46 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds	85
Table 47 MBRR SA22 - Summary of councillor and staff benefits	85
Table 48 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)	87
Table 49 MBRR SA24 – Summary of personnel numbers	88
Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure	89
Table 51 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote).....	89
Table 52 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification).....	91
Table 53 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)	92
Table 54 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)	93
Table 55 MBRR SA30 - Budgeted monthly cash flow.....	94
Table 56 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure	97
Table 57 Water Services Department – Performance objectives and indicators	Error! Bookmark not defined.
Table 58 MBRR SA 34a - Capital expenditure on new assets by asset class	100
Table 59 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class.....	101
Table 60 MBRR SA34c - Repairs and maintenance expenditure by asset class.....	101
Table 61 MBRR SA35 - Future financial implications of the capital budget	103
Table 62 MBRR SA36 - Detailed capital budget per municipal vote	104
Table 63 MBRR SA37 - Projects delayed from previous financial year	105
Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance	106
Table 65 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department).....	110
Table 66 MBRR Table SA3 – Supporting detail to Statement of Financial Position	112
Table 67 MBRR Table SA9 – Social, economic and demographic statistics and assumptions.....	114
Table 68 MBRR SA32 – List of external mechanisms	115

List of Figures

Figure 1 Main operational expenditure categories for the 2016/17 financial year	20
Figure 2 Capital Infrastructure Programme	Error! Bookmark not defined.
Figure 3 Expenditure by major type.....	Error! Bookmark not defined.
Figure 4 Depreciation in relation to repairs and maintenance over the MTREF	43
Figure 5 Planning, budgeting and reporting cycle	59
Figure 6 Definition of performance information concepts.....	60
Figure 7 Breakdown of operating revenue over the 2016/17 MTREF	70
Figure 8 Sources of capital revenue for the 2016/17 financial year	75

Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative	ℓ	litre
BPC	Budget Planning Committee	LED	Local Economic Development
CBD	Central Business District	MEC	Member of the Executive Committee
CFO	Chief Financial Officer	MFMA	Municipal Financial Management Act Programme
MM	Municipality Manager	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MMC	Member of Mayoral Committee
CRRF	Capital Replacement Reserve Fund	MPRA	Municipal Properties Rates Act
DBSA	Development Bank of South Africa	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
DWA	Department of Water Affairs	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NGO	Non-Governmental Organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Annual Budget

1.1 Mayor's Report

Bushbuckridge Local Municipality is one of the nodal in the country and still solely depends on government grants in order to implement and deliver the services to the communities within its jurisdiction. For 2016/17 FY, it is clear that 81 percent of the budget, will be funded through government grants, and only 19 percent will be own revenue collection and billied as projected. The projected own revenue to be billed and collected amounts to R 307 million, with the Bad Debts Provision of R 83 Million, due to the current revenue collection rate by the municipality, which is very low. The municipality would like to appreciate the new conditional grants allocated to the municipality for **RBIG** (R 140 million) and **MSIG** (R 130 million).

Another challenge that inhibits our efforts to deliver services to the communities is the struggling finances of the municipality. It is a fact that we are still largely dependent on grants from the national treasury in the form of Equitable shares and MIG. It is also a fact that while the service delivery needs of the communities is limitless and realistic indeed, we continue to struggle to collect enough revenue to complement the grants. This particular situation places the municipality in a state of paralysis. There is a need to urgently develop an appropriate turnaround strategy that will be practical given the development context of the communities, the municipality and the Local Economic activities that have the potential to create a sustainable financial base for the municipality. We need to implement the credit control policy, revenue enhancement strategy and complete the indigent register.

Bushbuckridge Local Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things low collection rates; historic expenditure patterns and a general lack of “doing business smarter”.

The municipality is also committed to the total eradication of poverty in our communities through job creation, access to basic municipal services, and building of safer and integrated communities, building of a financially viable municipality, and enforcing massive community participation in all activities of the municipality. Bushbuckridge Local Municipality is faced with a number of challenges which require a very quick response from all of us. These challenges include, inter alia, infrastructure development backlogs. These backlogs were worsened further by the most recent natural disasters that were caused by heavy thunder-storms that befell us. Bridges, roads, houses were destroyed.

While progress has been made in responding to the infrastructure needs of the municipality, a sizeable number of the communities still survive without acceptable water infrastructure and portable drinking water. This is a challenge that must be addressed with speed because we cannot tolerate this status quo in our 22 years of democracy.

The municipality has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Bushbuckridge Local Municipality. Budgeting is primarily about the choices that the municipality has to make

between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

1.2 Council Resolutions

On 29th of March 2016, the Council of Bushbuckridge Local Municipality met in the Council Chambers of Bushbuckridge Local Municipality, to consider the annual draft budget of the municipality for the financial year 2016/17, with the Council Resolution number: **BLM97/29/03/16/2015/16**. The Council approved and adopted the following resolutions:

1. The Council of Bushbuckridge Local Municipality Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual draft budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 24;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 30.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 32;
 - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
 - 1.2.4. Asset management as contained in Table 26 on page 36; and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.
2. The Council of Bushbuckridge Local Municipality Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013:
 - 2.1. the tariffs for property rates – as set out in **Annexure A**,
 - 2.2. the tariffs for the supply of water – as set out in **Annexure A**;
 - 2.3. the tariffs for sanitation services – as set out in **Annexure A**;

- 2.4. the tariffs for solid waste services – as set out in **Annexure A**;
- 2.5. the tariffs for Rentals and Facilities of Equipment - as set out in **Annexure A**.
3. The Council of Bushbuckridge Local Municipality Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016 the tariffs for other services, as set out in **Annexure A** respectively.
4. To give proper effect to the municipality's annual budget, the Council of Bushbuckridge Local Municipality also note that:
 - 4.1. The cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 4.2. The municipal revenue billing and collection has been projected to R 331 Million, due to the low revenue collection by the municipality.
 - 4.3. Debt collector has been appointed to assist the municipality with revenue collection.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in the municipality to cut the expenditures on the following key areas: telephone and internet usage, printing and stationery, workshops, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54, 59, 67, 72, 75 & 79 were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water and roads Municipality infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;

- The cost of purchasing bulk water from Rand Water Board. Continuous high tariff increases that are not sustainable - as there will be point where services will no-longer be affordable;
- Rates charged by Rand Water on the eater reticulations implementation.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2016/17 MTREF process; and
- Low revenue collection by the municipality.

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were used as the upper limits for the new baselines for the 2016/17 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework (MTREF) and the audited outcomes for the past 3 financial years:

Table 1 Consolidated Overview of the 2016/17 MTREF

MP325 Bushbuckridge - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)											
Vote Description		2011/12	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure			
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	% increase / decrease	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote											
Total Revenue by Vote		1 128 473	1 132 123	1 114 974	1 319 476	1 390 683	1 390 683	1 615 299	14%	1 500 238	1 680 084
Expenditure by Vote to be appropriated											
Total Expenditure by Vote		718 006	697 765	787 962	858 561	908 033	908 033	874 316	-4%	972 278	1 030 046
Surplus/(Deficit) for the year		410 467	434 358	327 013	460 915	482 650	482 650	740 983	35%	527 959	650 038

Total budgeted revenue has increased by 14 per cent or R224.6 million for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. 81 percent (R 1.3 billion) of the revenue budget for 2016/17 will be funded through grants from government, while only 18 percent (R 331 million), have been projected to be billed and collected by the municipality. For the two outer years, operational revenue will decrease by 08 and increase by 10 per cent respectively, equating to a total revenue growth of R180 million over the MTREF when compared to the 2016/17 financial year.

Total operating expenditure for the 2016/17 financial year has been appropriated at R 874 million and translates into a budgeted surplus of R741 million, which will be used to fund capital projects. When compared to the 2015/16 Adjustments Budget, operational expenditure has decreased by 4 per cent in the 2016/17 budget and further increase by 10 per cent for 2017/18 and by 8.4 percent for the respective outer years of the MTREF. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R741 million for 2016/17 is 35 per cent more when compared to the 2015/16 Adjustment Budget. The increase is mainly due to the new capital grants allocated to the municipality for RBIG and WSIG. Various projects that were put on hold in 2015/16 as well as affordability constraints in the light of current economic circumstance they will be funded through Government Grants in 2016/17.

1.4 Operating Revenue Framework

For Bushbuckridge Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 35 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.
- Municipal Turn Around Strategy
- Installation of water meters in areas where there is water reticulation and yard connections.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

MP325 Bushbuckridge - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description		2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source										
Property rates		237 921	55 801	160 250	171 866	171 866	171 866	180 000	190 800	202 248
Property rates - penalties & collection charges										
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–
Service charges - water revenue		21 680	21 680	26 877	42 401	42 401	42 401	37 528	39 691	41 676
Service charges - sanitation revenue		2 547	2 284	3 052	2 937	2 937	2 937	3 223	3 238	3 400
Service charges - refuse revenue		4 488	4 391	5 865	6 081	6 081	6 081	6 492	6 704	7 039
Service charges - other		3 333	977	–	–	–	–			
Rental of facilities and equipment		433	332	781	920	960	960	1 018	1 079	1 143
Interest earned - external investments		3 667	7 325	9 570	7 500	13 500	13 500	11 893	9 000	10 000
Interest earned - outstanding debtors		17 968	61 301	–	19 500	19 500	19 500	26 000	27 300	28 665
Dividends received						–	–			
Fines		1 925	2 894	1 152	2 500	2 500	2 500	2 625	2 756	2 894
Licences and permits		62	395	3 298	17 454	17 454	17 454	17 767	18 655	19 588
Agency services		11 741	10 028	9 926	9 095	9 095	9 095	9 550	10 027	10 528
Transfers recognised - operational		451 119	501 015	550 270	641 087	641 087	641 087	652 888	704 063	755 121
Other revenue		2 355	749	3 739	3 977	4 377	4 377	4 686	4 961	5 251
Gains on disposal of PPE		1 063	3 151		500	500	500	525	551	579
Total Revenue (excluding capital transfers and contributions)		760 302	672 322	774 780	925 818	932 258	932 258	954 194	1 018 826	1 088 134

Table 3 Percentage growth in revenue by main revenue source

MP325 Bushbuckridge - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description		2012/13	2013/14	2014/15	Current Year 2015/16			2015/16 Medium Term Revenue & Expenditure			
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	% Growth	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates		237 921	55 801	160 250	171 866	171 866	171 866	180 000	5%	190 800	202 248
Property rates - penalties & collection charges											
Service charges - electricity revenue		–	–	–	–	–	–	–		–	–
Service charges - water revenue		21 680	21 680	26 877	42 401	42 401	42 401	37 528	-13%	39 691	41 676
Service charges - sanitation revenue		2 547	2 284	3 052	2 937	2 937	2 937	3 223	9%	3 238	3 400
Service charges - refuse revenue		4 488	4 391	5 865	6 081	6 081	6 081	6 492	6%	6 704	7 039
Service charges - other		3 333	977	–	–	–	–				
Rental of facilities and equipment		433	332	781	920	960	960	1 018	6%	1 079	1 143
Interest earned - external investments		3 667	7 325	9 570	7 500	13 500	13 500	11 893	-14%	9 000	10 000
Interest earned - outstanding debtors		17 968	61 301	–	19 500	19 500	19 500	26 000	25%	27 300	28 665
Dividends received						–	–				
Fines		1 925	2 894	1 152	2 500	2 500	2 500	2 625	5%	2 756	2 894
Licences and permits		62	395	3 298	17 454	17 454	17 454	17 767	2%	18 655	19 588
Agency services		11 741	10 028	9 926	9 095	9 095	9 095	9 550	5%	10 027	10 528
Transfers recognised - operational		451 119	501 015	550 270	641 087	641 087	641 087	652 888	2%	704 063	755 121
Other revenue		2 355	749	3 739	3 977	4 377	4 377	4 686	7%	4 961	5 251
Gains on disposal of PPE		1 063	3 151		500	500	500	525	5%	551	579
Total Revenue (excluding capital transfers and contributions)		760 302	672 322	774 780	925 818	932 258	932 258	954 194	2%	1 018 826	1 088 134

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates shows a huge amount to be billed by the municipality, and the major customers are Government and Kruger National Park. Services charges forms a lower significant percentage of the revenue basket for the Municipality. When comparing with the Bulk Water Purchase from Rand Water Board, It is clear that the municipality is not doing good in terms of water charges to the communities v/s amount paid to Rand Water on monthly basis. From the above table it is clear that the municipality still solely depends on government grants in order to deliver its services to the communities within its jurisdiction. Rates and service charge revenues comprise less than half of the total revenue mix. In the 2016/17 financial year, revenue from rates and services charges totalled R 331 million or 19 per cent of the total revenue budget.

These challenges can be mainly attributed to the low revenue collection, for all main revenue streams for the municipality, that contributes to the total revenue mix. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1.

Property rates is the first largest revenue source totalling R 172million rand in 2015/16 and increases to R180 million in 2016/17. The bases for property billy is mainly contributed by the billing for government departments and Kruger National Park. The second largest sources is the services charges, with water projected to be billed R37.5 million in 2016/17. The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R641 million in the 2015/16 financial year and steadily increases to R652 million in 2016/17 and R 755 Million by 2018/19.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

MP325 Bushbuckridge - Supporting Table SA18 Transfers and grant receipts										
Description		2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:										
Operating Transfers and Grants										
National Government:		491 824	507 671	553 312	648 287	667 011	667 011	657 888	710 063	765 121
Local Government Equitable Share		445 036	485 251	545 094	635 931	635 931	635 931	647 298	701 918	752 721
Finance Management		1 506	1 550	1 600	1 675	1 675	1 675	1 810	2 145	2 400
Municipal Systems Improvement		800	890	934	930	930	930	-	-	-
Water Services Operating Subsidy		8 680	10 728	-	-	16 941	16 941	-	-	-
EPWP Incentive		4 110	2 596	2 192	2 551	2 551	2 551	3 780	-	-
Integrated National Electrification Pro		9 598	6 656	3 492	7 200	7 200	7 200	5 000	6 000	10 000
Disaster Grant		22 095	-	-	-	1 783	1 783	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	450	-	-	-	-	-	-
Operational Grant from Ehlanzeni D		-	-	450	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants		491 824	507 671	553 762	648 287	667 011	667 011	657 888	710 063	765 121

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Rand Water Board, for bulk tariffs are unjustifiable. Given that these tariff increases are determined by water board, the impact they have on the municipality's purchase of bulk water, and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. Currently there is a huge difference between what we pay Bushbuckridge Water Board and selling of water to the communities.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R25 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 35 per cent rebate will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective, and is still a challenge for our municipality to achieve that.

Better maintenance of infrastructure, new bulk line construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 6 per cent from 1 July 2016 for water is proposed. This is also based on input cost in the cost of bulk water provision by Bushbuckridge Water Board. In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

BUSHBUCKRIDGE MUNICIPALITY						
TARIFF STRUCTURE FOR FINANCIAL YEAR 2015 /2016						
NO	E	FACILITY OR SERVICE RENDERED	TARIFF CHARGE PROPOSED		TARIFF CHARGE PROPOSED	
			`2015/16		`2016/17	
1		WATER CHARGES: Residential	VAT excl	VAT incl	VAT excl	VAT incl
1,1		- Variable Charge 6 kl				
1,2		- Variable Charge 0 to 24 kl	R 8,25	R 9,40	R 8,87	R 10,12
1,3		- Variable Charge 25kl and above	R 8,87	R 10,11	R 9,54	R 10,88
1,4		- Fixed Water charge	R 95,09	R 108,40	R 102,31	R 116,64
1,5		- Metered borehole charge	R 3,84	R 4,38	R 4,13	R 4,71
1,6		- Fixed Borehole Charge	R 69,49	R 79,21	R 74,77	R 85,23
1,7		- Indigent: Variable Charge 0 to 24 kl	R 5,30	R 6,05	R 5,71	R 6,50
1,8		- Indigent: Variable Charge 25kl and	R 5,85	R 6,67	R 6,30	R 7,18
2		WATER CHARGES: Business	VAT excl	VAT incl	VAT excl	VAT incl
2,1		- Metered water charges: Business	R 11,40	R 13,00	R 12,27	R 13,99
2,2		- Fixed water charges: Business	R 402,29	R 458,61	R 432,86	R 493,46
2,3		- Metered borehole charge	R 5,49	R 6,25	R 5,90	R 6,73
2,4		- Fixed Borehole Charge	R 274,29	R 312,69	R 295,13	R 336,45
					R -	R -
3		WATER : Religious inst., NPO's &	VAT excl	VAT incl	VAT excl	VAT incl
3,1		- Metered water charge	R 8,18	R 9,33	R 8,80	R 10,03
3,2		- Fixed Water Charge	R 233,31	R 265,97	R 251,04	R 286,19

The above table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

The tariff structure for 2016/17 has increased by 6 per cent due to the increase by Bushbuckridge Water Board. The tariff structure is designed to charge higher levels of consumption a higher rate.

1.4.3 Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent for sanitation from 1 July 2016 is proposed. This is based on the input cost assumptions related to water. It should be noted that Municipality costs contributes approximately 12 per cent of waste water treatment input costs, therefore the higher than CPI increase of 6 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged;
- Free sanitation (98 per cent of 6 kl water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to only R million for the 2015/16 financial year.

The following table compares the current and proposed tariffs:

Table 6 Comparison between current sanitation charges and increases

TARIFF STRUCTURE FOR FINANCIAL YEAR 2015 /2016					
NO	FACILITY OR SERVICE RENDERED	TARIFF CHARGE		TARIFF CHARGE	
		2015/*16		PROPOSED`2016/17	
4	<i>SEWER CHARGES: Residential</i>	VAT excl	VAT incl	VAT excl	VAT incl
4,1	- Variable charge: 6kl	Free	Free	Free	Free
4,2	- Variable charge: 7kl and above	R 0,72	R 0,82	R 0,78	R 0,89
4,3	- Fixed: Metered sewer	R 44,91	R 51,20	R 48,33	R 55,09
4,4	- Fixed: UnMetered Sewer	R 59,35	R 67,66	R 63,86	R 72,80
4,5	- Sludge Removal per Annum	R 407,42	R 464,46	R 438,38	R 499,76
4,6	- Sewer Blockage Fee	R 299,95	R 341,94	R 322,75	R 367,93
5	<i>SEWER CHARGES: Business / Institutions</i>	VAT excl	VAT incl	VAT excl	VAT incl
5,1	- Variable Charge	R 1,92	R 2,19	R 2,07	R 2,36
5,2	- Fixed Charge	R 110,04	R 125,44	R 118,40	R 134,97
5,3	- Sludge Removal	R 1 222,74	R 1 393,92	R 1 315,67	R 1 499,86
5,4	- Sewer Blockage Fee	R 1 389,48	R 1 584,00	R 1 495,08	R 1 704,39
5,5	- Communal Sludge Removal per Annum	R 407,58	R 464,64	R 438,56	R 499,95

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

1.4.4 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating in few areas within the municipal jurisdiction. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this

service can be rendered in a sustainable manner over the medium to long-term, and to also ensure that the services be rendered in other areas as well.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2016. Higher increases will be viable in 2018/19 owing to the significant decreases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 9 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

1.4.5 Overall impact of non tariff increases on households

The following table shows the overall expected impact of the non tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at 6 per cent, for all the municipal services.

Table 7 MBRR Table SA14 – Household bills

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- Repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

MP325 Bushbuckridge - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description		2012/13	2013/14	2014/15	Current Year 2015/16						
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	% Allocation	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure By Type											
Employee related costs		199 878	225 112	281 150	300 295	323 995	323 995	334 650	39%	351 345	368 873
Remuneration of councillors		22 297	24 072	27 764	28 718	30 668	30 668	31 841	4%	34 131	35 838
Debt impairment		131 113	23 861	49 589	115 000	115 000	115 000	83 000	10%	126 788	133 127
Depreciation & asset impairment		52 276	68 393	76 511	43 000	43 000	43 000	45 150	5%	47 408	49 778
Finance charges		266	454	774	577	577	577	606	0%	636	668
Bulk purchases		123 289	133 067	208 977	171 820	171 820	171 820	185 000	22%	199 800	215 784
Other materials		39 300	88 528	27 821	40 186	70 928	70 928	44 485	5%	49 652	52 134
Contracted services		30 959	47 093	40 138	40 071	37 071	37 071	37 059	4%	40 995	43 032
Transfers and grants		47 638	39 454	14 872	23 046	23 046	23 046	11 120	1%	12 587	13 217
Other expenditure		52 504	47 923	27 238	97 347	93 228	93 228	62 063	7%	68 532	75 394
Loss on disposal of PPE											
Total Expenditure		735 519	694 520	697 245	721 335	792 850	792 850	853 561	7%	936 887	1 022 325

The budgeted allocation for employee related costs for the 2016/17 financial year totals R334.6 million, which equals 39 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.5 per cent for the 2016/17 financial year. An annual increase of 7 per

cent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions, organogram was reviewed with all directorates in order to ensure that all strategic posts are been captured on the organogram.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual low collection rate of 15 per cent and the Debt Write-off Policy of the Municipality. For the 2016/17 financial year this amount equates to R83 million and increased to R133 million by 2018/19. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R45 million for the 2016/17 financial and equates to 5 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years. The municipality has also currently appointed the service provider to do the unbundling of assets, and the correct amount of depreciation will be determined by the said exercise.

Finance charges consist primarily of the bank charges. Finance charges make up 0.06 per cent (R606 000) of operating expenditure.

Bulk purchases are directly informed by the purchase of bulk water from Rand Water Board. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Currently the service level agreement (SLA) has been signed between the municipality and Rand water board. Bulk water purchases amount to R 185 Million and equals 22% of the operating expenditure.

Other materials comprise of amongst others the purchase of materials for repairs & maintenance. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2016/17 the appropriation against this group of expenditure has been allocated R44 million which equates to 5 percent of operating expenditures, and continues to grow from R 50 million in 2017/18 to R 52 million in 2018/19. In comparison with budget adjustment for 2015/16 and draft budget for 2016/17, R&M shows a drastic decrease mainly due to the implementation of Back to Basics in 2015/16 to maintain and service all the infrastructure of the municipality that provides the basic services to the municipality.

Contracted services: As part of the compilation of the 2016/17 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2016/17 financial

year, this group of expenditure totals R37 million, which equals to 4% of the total operating expenditure. For the two outer the expenditure will increase, mainly due to the security services and insurance that have been appointed. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2016/17 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 64 MBRR SA1

Transfers and Grants shows a budget of R 11 million translating in to 11% of the total operational cost. The reduction is mainly due to the implementation of the revised indigent register for qualifying indigent members to receive the free basic services.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

The following table gives a breakdown of the main expenditure categories for the 2016/17 financial year.

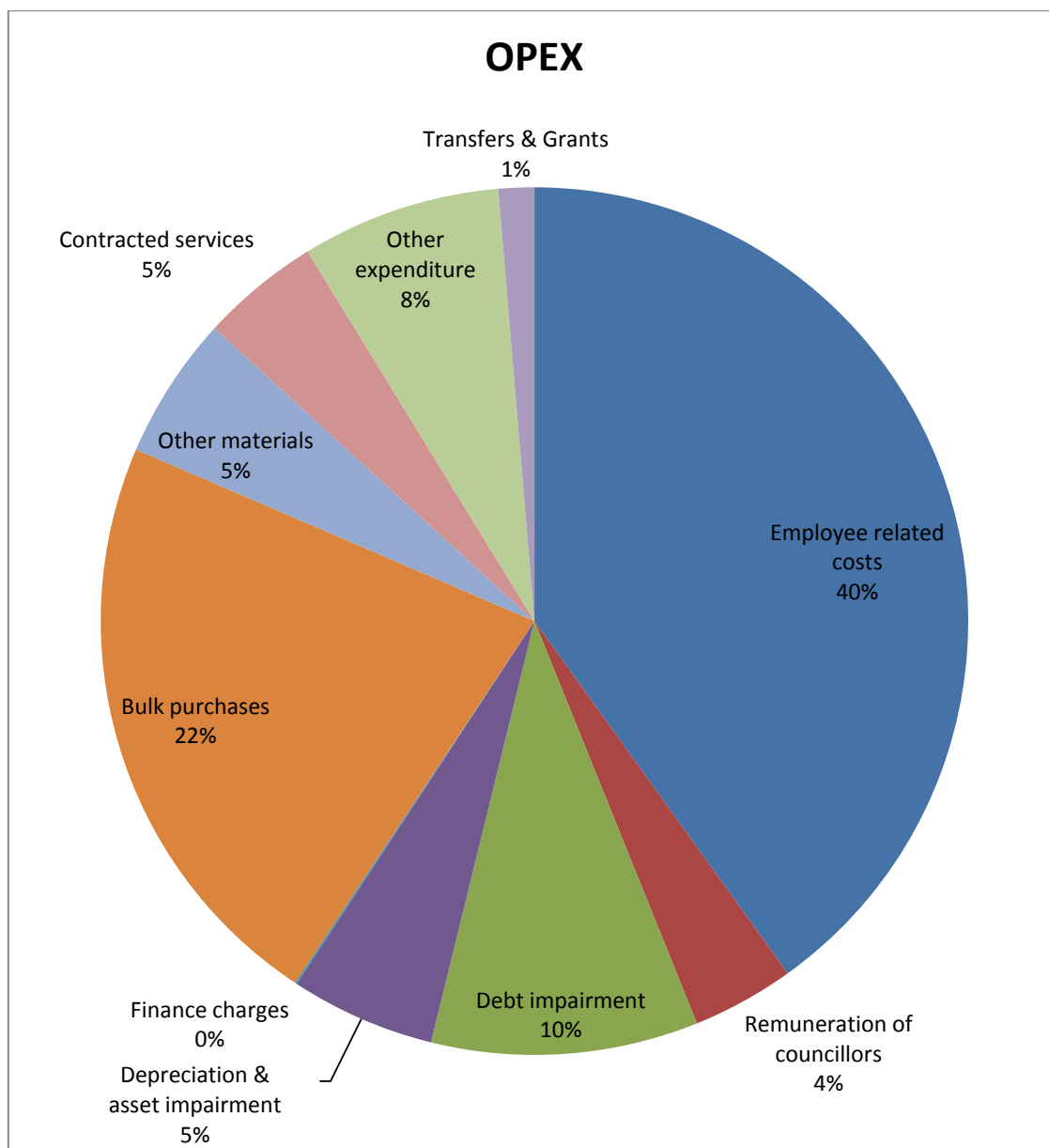


Figure 1 Main operational expenditure categories for the 2016/17 financial year

1.5.1 Repairs and Maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget and MTREF provide for less extensive growth in the area of asset maintenance, as informed by the asset renewal plan and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 9 Operational repairs and maintenance

Description		2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Repairs and Maintenance by Expenditure Item										
Employee related costs										
Other materials										
Contracted Services										
Other Expenditure		39 300	88 528	28 042	39 548	51 348	51 348	44 485	49 652	52 134
Total Repairs and Maintenance Ex		39 300	88 528	28 042	39 548	51 348	51 348	44 485	49 652	52 134

During the compilation of the 2016/17 MTREF, operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end due to financial constraint, repairs and maintenance was substantially decreased from R55 million in 2014/15 budget adjustment to R40 million in 2015/16. During the 2015/16 Adjustment Budget this allocation was adjusted slightly upwards to implement the Back to Service Programme. Notwithstanding the reduction in 2016/17, as part of the 2016/17 MTREF this strategic imperative still remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2016/17 equates to R44 million and continues to grow to R 49 million and R 52 million over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 5 per cent for 2016/17 and 5 & 6 percent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 10 Repairs and maintenance per asset class

MP325 Bushbuckridge - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class										
Swimming pools										
Community halls		65	1 532	752	2 100	2 100	2 100	2 850	3 675	3 859
Libraries										
Recreational facilities										
Fire, safety & emergency		26	110	237	517	517	517	543	570	598
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental	8									
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		5 074	6 349	6 224	7 405	7 405	7 405	8 065	9 525	10 001
General vehicles		947	710	621	1 300	1 300	1 300	1 365	1 433	1 505
Specialised	10	-	-	-	-	-	-	-	-	-
Plant & equipment		2 974	2 297	804	2 255	2 255	2 255	2 500	2 841	2 983
Computers - hardware/equipment		-	1 200							
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings		1 152	2 142	4 799	3 850	3 850	3 850	4 200	5 250	5 513
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Repairs	1	39 300	88 528	28 042	39 548	51 348	51 348	44 485	49 652	52 134
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
R&M as a % of PPE		2,4%	4,8%	1,4%	1,5%	1,9%	1,9%	1,4%	1,7%	1,8%
R&M as % Operating Expenditure		5,6%	12,7%	3,7%	4,6%	5,6%	5,6%	5,3%	5,3%	5,3%

For the 2016/17 financial year, R32.6 million of total repairs and maintenance will be spent on infrastructure assets. Water infrastructure has received R 15.7 million of the total allocation, followed by Roads infrastructure with the allocation totalling R8 million, followed by sanitation with R6 million. Community assets have been allocated R3.8 Million, mainly for maintenance of community halls and sports facilities

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register more qualifying indigent households during the 2016/17 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement.

The advert was been issued by the municipality to register new qualifying indigent and to update the indigent register.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

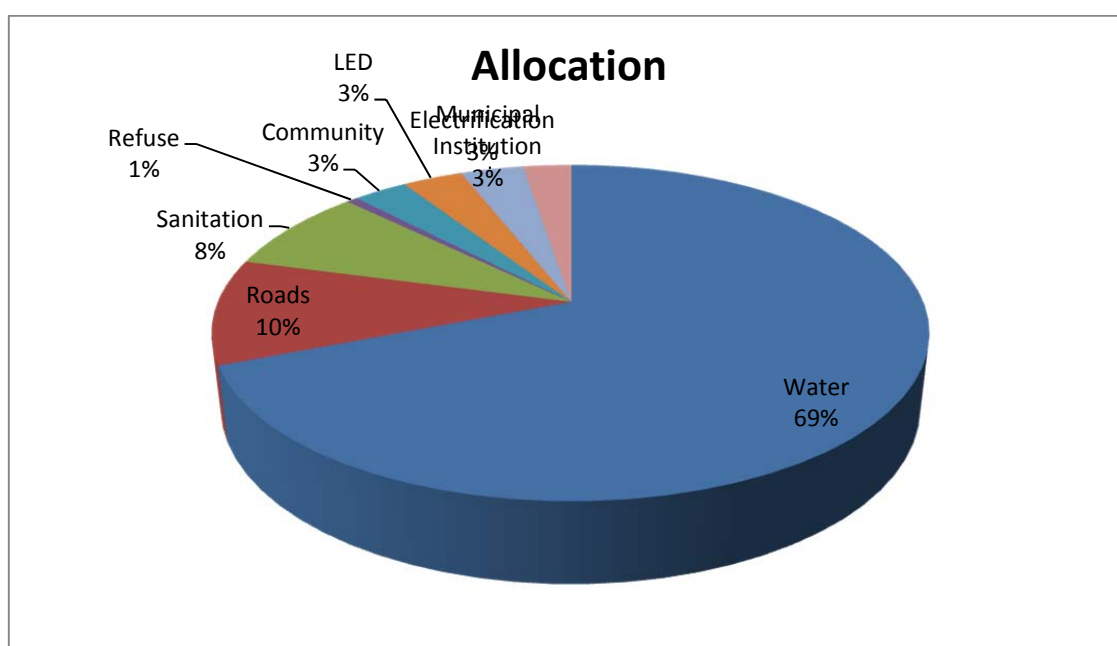
The following table provides a breakdown of budgeted capital expenditure by vote

Table 11 2016/17 Medium-term capital budget per vote

MP325 Bushbuckridge - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding										
Vote Description		2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term		Revenue &
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote										
Multi-year expenditure <i>to be appropriated</i>										
Vote 1 - Dept 001 - Budget & Treasury Office		–	–	–	–	–	–	–	–	–
Vote 2 - Dept 002 - Corporate Services		1 085	1 734	3 643	16 200	11 300	11 300	19 250	25 000	25 000
Vote 3 - Dept 005 - Economic Development, Planning		6 146	4 526	4 756	22 165	19 865	19 865	23 950	53 100	22 000
Vote 4 - Dept 006- Community Support Services		1 264	9 790	6 380	–	967	967	750	27 609	15 109
Vote 9 - Dept 014 - Municipal Works - Public Works		9 241	7 540	2 585	7 200	9 780	9 780	5 000	–	–
Vote 10 - Dept 015 - Municipal Works - Water		115 371	187 681	152 835	211 650	276 885	276 885	511 563	863 500	58 000
Vote 11 - Det 016 - Municipal Works - Roads		37 654	145 094	110 856	110 500	102 991	102 991	75 070	202 600	181 600
Vote 12 - Dept 017 - Municipal Works - Refuse		1	–	2 057	10 600	7 300	7 300	4 500	4 500	4 200
Vote 13 - Dept 018 - Municipal Works - Sewerage		26 413	33 302	18 267	31 500	13 000	13 000	60 200	108 500	7 500
Vote 14 - Dapt 020 - Municipal Works - PMU		108	15 737	7 192	51 100	40 561	40 561	40 700	52 500	16 000
0		–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total		197 283	405 404	308 571	460 915	482 649	482 649	740 983	1 337 309	329 409
Capital Expenditure - Standard										
<i>Governance and administration</i>		1 085	1 734	3 643	16 200	11 300	11 300	19 250	25 000	25 000
Executive and council										
Budget and treasury office										
Corporate services		1 085	1 734	3 643	16 200	11 300	11 300	19 250	25 000	25 000
<i>Community and public safety</i>		1 372	11 961	13 572	14 100	9 670	9 670	21 450	80 109	31 109
Community and social services		1 264	9 790	11 814	–	967	967	750	27 609	15 109
Sport and recreation		65	1 675		4 500	2 003	2 003	9 200	39 000	16 000
Public safety		–	496	1 758	500	2 600	2 600	1 800	–	–
Housing		42	–		9 100	4 100	4 100	9 700	13 500	–
Health										
<i>Economic and environmental services</i>		43 800	149 620	115 612	132 665	122 856	122 856	99 020	255 700	203 600
Planning and development		6 146	4 526	4 756	22 165	19 865	19 865	23 950	53 100	22 000
Road transport		37 654	145 094	110 856	110 500	102 991	102 991	75 070	202 600	181 600
Environmental protection										
<i>Trading services</i>		151 026	237 996	175 744	270 950	316 524	316 524	601 263	976 500	69 700
Electricity		9 241	17 013	2 585	17 200	19 338	19 338	25 000	–	–
Water		115 371	187 681	152 835	211 650	276 885	276 885	511 563	863 500	58 000
Waste water management		26 413	33 302	18 267	31 500	13 000	13 000	60 200	108 500	7 500
Waste management		1	–	2 057	10 600	7 300	7 300	4 500	4 500	4 200
<i>Other</i>			4 093		27 000	27 000	27 000			
Total Capital Expenditure - Standard		197 283	405 404	308 571	460 915	487 350	487 350	740 983	1 337 309	329 409
Funded by:										
National Government		197 282	405 404	308 571	393 658	439 701	439 701	655 073	475 085	585 315
Provincial Government										
District Municipality										
Other transfers and grants					67 257	47 649	47 649	85 910	862 224	(255 905)
Transfers recognised - capital		197 282	405 404	308 571	460 915	487 350	487 350	740 983	1 337 309	329 409

For 2016/17, an amount of R million has been appropriated for the development of infrastructure which represents 89 per cent of the total capital budget. The other 11 per cent represents the municipal institution issues like purchase of vehicles, trucks, fire fighter truck, refuse removal truck, furniture and equipments to be used on a day to day running business of the municipality.

The following graph below will explain in details, allocation per sector:



The above Graph clearly indicates that 69 percent (R 511.6 Million) of Capital Budget has been allocated to water projects. The main reason is due to the higher backlogs, and completion of bulk pipeline, and water reticulation and yard meter connections. Roads has been allocated 10 per cent (R 75 Million), followed by Sanitation with 8 percent (R60 Million) of the capital budget, in order to complete the projects that were implemented from 2014/15 and were funded by EQ, and due to financial constraint, an application was made for MIG funding. Municipal institution constitutes 3% of the allocation, followed by electrification projects that constitutes 3%, and LED with only 3 percent.

Total new assets represent 56 per cent or R413 million of the total capital budget while asset renewal equates to zero per cent. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 88, 89 and 90). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

• Sports and recreational facilities	– R	9.2 million;
• Roads, Bridges and Storm Water backlogs	– R	75 million;
• Fire fighting truck	– R	2 million;
• Electrification of Households	– R	5 million;
• Local Economic development	– R	23.9 million;
• Water backlogs, including bulk, reservoirs, reticulation, water meters.	R	511 million;
• Sanitation / sewerage	-- R	60 million;
• Heavy Machinery	-- R	6 million;
• Hy mast lights	-- R	10 million;
•		

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35. This table shows that future operational costs associated with the capital programme totals R23 million in 2016/17 and escalates to R39 million by 2017/18. This concomitant operational expenditure is expected to escalate to R43 million by 2018/19. It needs to be noted that as part of the 2016/17 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables

The following information following represent the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 12 MBRR Table A1 - Budget Summary

MP325 Bushbuckridge - Table A1 Budget Summary									
Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance									
Property rates	237 921	55 801	160 250	171 866	171 866	171 866	180 000	190 800	202 248
Service charges	32 048	29 331	35 794	51 419	51 419	51 419	47 243	49 634	52 115
Investment revenue	3 667	7 325	9 570	7 500	13 500	13 500	11 893	9 000	10 000
Transfers recognised - operational	451 119	501 015	550 270	641 087	641 087	641 087	652 888	704 063	755 121
Other own revenue	35 546	78 850	18 896	53 946	54 386	54 386	62 170	65 329	68 649
Total Revenue (excluding capital transfers and contributions)	760 302	672 322	774 780	925 818	932 258	932 258	954 194	1 018 826	1 088 134
Employee costs	199 878	225 112	281 150	300 295	323 995	323 995	334 650	351 345	368 873
Remuneration of councillors	22 297	24 072	27 764	28 718	30 668	30 668	31 841	34 131	35 838
Depreciation & asset impairment	52 276	68 393	76 511	43 000	43 000	43 000	45 150	47 408	49 778
Finance charges	266	454	774	577	577	577	606	636	668
Materials and bulk purchases	162 588	221 594	236 799	212 006	242 748	242 748	229 485	249 452	267 918
Transfers and grants	47 638	39 454	14 872	23 046	23 046	23 046	11 120	12 587	13 217
Other expenditure	214 576	118 877	116 965	252 418	245 299	245 299	182 122	236 314	251 554
Total Expenditure	699 518	697 957	754 835	860 061	909 334	909 334	834 975	931 873	987 846
Surplus/(Deficit)	60 784	(25 634)	19 945	65 757	22 925	22 925	119 219	86 953	100 288
Transfers recognised - capital	337 060	455 300	–	393 658	439 701	439 701	655 073	475 085	585 315
Contributions recognised - capital & capital transfers	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	397 845	429 666	19 945	459 415	462 626	462 626	774 292	562 038	685 602
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	397 845	429 666	19 945	459 415	462 626	462 626	774 292	562 038	685 602
Capital expenditure & funds sources									
Capital expenditure	197 283	405 404	308 571	460 915	487 350	487 350	740 983	1 337 309	329 409
Transfers recognised - capital	197 282	405 404	–	460 915	487 350	487 350	740 983	1 337 309	329 409
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	–	–
Total sources of capital funds	197 282	405 404	–	460 915	487 350	487 350	740 983	1 337 309	329 409
Financial position									
Total current assets	489 536	542 810	903 922	1 159 783	1 159 783	1 159 783	2 232 895	2 413 396	2 671 439
Total non current assets	1 664 763	1 855 513	2 013 888	2 650 926	2 650 926	2 650 926	3 089 658	3 010 995	2 915 706
Total current liabilities	592 049	624 702	620 891	456 411	411 411	411 411	371 662	388 025	404 525
Total non current liabilities	18 111	19 560	116 044	16 231	16 231	16 231	130 254	142 100	154 654
Community wealth/Equity	1 544 139	1 754 061	2 180 875	3 338 067	3 338 067	3 338 067	2 903 254	3 106 482	3 323 936
Cash flows									
Net cash from (used) operating	718 101	439 737	369 307	461 594	412 122	412 122	722 623	546 158	667 593
Net cash from (used) investing	(607 729)	(411 568)	(308 249)	(460 415)	(472 415)	(472 415)	(666 359)	(1 203 027)	(295 889)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	114 306	142 475	213 635	174 179	112 707	112 707	181 264	(475 605)	(103 902)
Cash backing/surplus reconciliation									
Cash and investments available	114 306	152 577	213 635	237 000	237 000	237 000	196 000	187 000	198 000
Application of cash and investments	(66 783)	375 353	406 787	85 095	40 681	40 681	(405 804)	(459 060)	(532 185)
Balance - surplus (shortfall)	181 089	(222 776)	(193 151)	151 905	196 319	196 319	601 804	646 060	730 185
Asset management									
Asset register summary (WDV)	1 665 848	1 855 513	2 013 888	2 650 926	2 650 928	2 650 928	567 131	4 879	4 968
Depreciation & asset impairment	52 276	68 393	76 511	43 000	43 000	43 000	45 150	47 408	49 778
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	39 300	88 528	28 042	39 548	51 348	51 348	44 485	49 652	52 134
Free services									
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	57 362	3 912	5 376	5 716	5 716	5 716	–	6 461	6 842
Households below minimum service level									
Water:	–	–	–	–	–	–	–	–	–
Sanitation/sewage:	90	99	110	112	112	112	117	123	129
Energy:	–	–	–	–	–	–	–	–	–
Refuse:	122	135	124	132	132	132	138	145	152

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing will be incorporated in the net cash from financing on the Cash Flow Budget, if available
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous 7 years if available at the end of the year. For 2016/14 financial year, own revenue collection and billing has been projected to R 331 million, with the Provision for Bad Debts that amount to R 85 Million, due to low revenue collection within the municipality. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains negative, and is not improving, indicates that the necessary cash resources are not available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2016/17, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2017/18 the water backlog will have been reduced.

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
Revenue - Standard										
Governance and administration		1 064 205	1 042 586	994 642	1 210 723	1 251 161	1 251 161	1 234 246	1 323 165	1 412 005
Executive and council		9 012	10 102	-	-	-	-	-	-	-
Budget and treasury office		1 045 314	1 027 960	988 236	1 204 740	1 244 758	1 244 758	1 226 383	1 318 838	1 407 418
Corporate services		9 879	4 524	6 406	5 983	6 403	6 403	7 863	4 328	4 587
Community and public safety		5 472	3 024	63 281	3 285	15 406	15 406	3 474	3 651	3 836
Community and social services		101	29	93	115	135	135	144	152	161
Sport and recreation		140	101	71	160	160	160	170	180	191
Public safety		1 925	2 894	1 152	2 500	2 500	2 500	2 625	2 756	2 894
Housing		3 306	-	61 965	510	12 611	12 611	536	562	590
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		11 803	10 423	13 224	26 849	26 849	26 849	27 616	28 682	30 116
Planning and development		62	89	222	1 500	1 500	1 500	1 000	735	772
Road transport		11 741	10 334	13 002	25 349	25 349	25 349	26 616	27 947	29 344
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		46 993	76 084	43 827	78 619	97 268	97 268	349 963	144 740	234 127
Electricity		9 598	6 656	3 492	7 200	8 908	8 908	5 000	6 000	10 000
Water		30 360	62 754	31 418	62 401	79 342	79 342	335 248	128 797	213 687
Waste water management		2 547	2 284	3 052	2 937	2 937	2 937	3 223	3 238	3 400
Waste management		4 488	4 391	5 865	6 081	6 081	6 081	6 492	6 704	7 039
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	1 128 473	1 132 117	1 114 974	1 319 476	1 390 683	1 390 683	1 615 299	1 500 238	1 680 084
Expenditure - Standard										
Governance and administration		471 236	394 494	486 772	556 616	580 786	580 786	570 589	641 576	673 390
Executive and council		24 655	26 817	31 367	36 934	38 804	38 804	42 015	44 813	47 054
Budget and treasury office		215 274	109 247	140 279	179 425	178 425	178 425	148 944	198 111	207 792
Corporate services		231 307	258 430	315 126	340 257	363 557	363 557	379 630	398 651	418 544
Community and public safety		27 000	29 939	34 190	51 722	52 168	52 168	56 868	64 267	68 476
Community and social services		22 205	24 968	25 997	37 858	38 058	38 058	42 356	46 935	49 460
Sport and recreation		36	79	1	356	356	356	400	420	441
Public safety		3 607	2 750	3 393	9 658	9 904	9 904	9 913	11 662	13 062
Housing		1 152	2 142	4 799	3 850	3 850	3 850	4 200	5 250	5 513
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		6 948	5 556	6 752	28 436	26 151	26 151	22 086	22 830	26 399
Planning and development		1 178	1 624	3 009	19 974	16 689	16 689	12 151	12 398	15 446
Road transport		5 770	3 933	3 742	8 462	9 462	9 462	9 935	10 432	10 953
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		206 544	258 416	254 216	221 787	248 928	248 928	224 773	243 606	261 780
Electricity		29 148	27 355	19 822	23 170	25 170	25 170	13 786	14 930	15 676

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for , Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

MP325 Bushbuckridge - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
Revenue by Vote		1								
Vote 1 - Dept 001 - Budget & Treasury Office		721 047	605 167	716 912	838 582	846 365	846 365	867 610	931 803	996 706
Vote 2 - Dept 002 - Corporate Services		6 007	2 058	4 372	3 687	4 127	4 127	4 374	4 636	4 915
Vote 3 - Dept 005 - Economic Development, Planning & Infrastructure		62	89	222	1 500	1 500	1 500	1 000	735	772
Vote 4 - Dept 006- Community Support Services		3	6	6	20	20	20	22	23	24
Vote 5 - Dept 008 - Office of the Municipal Manager		–	–	–	–	–	–	–	–	–
Vote 6 - Dept 009 - Office of the Speaker		9 012	10 102	–	–	–	–	–	–	–
Vote 7 - Dept 010 - Office of the Mayor		–	–	–	–	–	–	–	–	–
Vote 8 - Dept 013 - Community Support Services - Traffic & Transport		13 666	13 228	14 154	27 849	27 849	27 849	29 241	30 703	32 239
Vote 9 - Dept 014 - Municipal Works - Public Works		17 014	9 252	67 650	10 261	24 069	24 069	9 316	6 562	10 590
Vote 10 - Dept 015 - Municipal Works - Water		30 360	62 754	31 418	62 401	79 342	79 342	335 248	128 797	213 687
Vote 11 - Det 016 - Municipal Works - Roads		–	–	–	–	–	–	–	–	–
Vote 12 - Dept 017 - Municipal Works - Refuse		4 488	4 391	5 865	6 081	6 081	6 081	6 492	6 704	7 039
Vote 13 - Dept 018 - Municipal Works - Sewerage		2 547	2 284	3 052	2 937	2 937	2 937	3 223	3 238	3 400
Vote 14 - Dapt 020 - Municipal Works - PMU		324 267	422 793	271 324	366 158	398 393	398 393	358 773	387 035	410 712
0		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	1 128 473	1 132 123	1 114 974	1 319 476	1 390 683	1 390 683	1 615 299	1 500 238	1 680 084
Expenditure by Vote <i>to be appropriated</i>		1								
Vote 1 - Dept 001 - Budget & Treasury Office		162 998	40 854	63 767	136 425	135 425	135 425	103 794	150 704	158 014
Vote 2 - Dept 002 - Corporate Services		231 303	257 907	313 463	339 499	362 599	362 599	378 624	397 595	417 435
Vote 3 - Dept 005 - Economic Development, Planning & Infrastructure		1 178	1 624	3 009	19 974	16 689	16 689	12 151	12 398	15 446
Vote 4 - Dept 006- Community Support Services		22 220	23 625	25 621	38 633	38 833	38 833	42 517	46 456	48 958
Vote 5 - Dept 008 - Office of the Municipal Manager		694	1 694	1 947	5 426	5 426	5 426	6 950	7 297	7 662
Vote 6 - Dept 009 - Office of the Speaker		23 135	24 585	28 440	30 353	32 063	32 063	33 641	36 021	37 822
Vote 7 - Dept 010 - Office of the Mayor		826	537	979	1 155	1 315	1 315	1 424	1 495	1 570
Vote 8 - Dept 013 - Community Support Services - Traffic & Transport		3 564	2 641	3 019	7 139	7 385	7 385	7 301	8 885	10 146
Vote 9 - Dept 014 - Municipal Works - Public Works		82 644	99 944	103 546	72 878	75 078	75 078	66 992	72 318	75 934
Vote 10 - Dept 015 - Municipal Works - Water		174 823	228 937	227 914	190 533	216 374	216 374	203 234	220 536	237 556
Vote 11 - Det 016 - Municipal Works - Roads		5 770	3 933	3 742	8 462	9 462	9 462	9 935	10 432	10 953
Vote 12 - Dept 017 - Municipal Works - Refuse		612	650	594	1 944	1 244	1 244	1 307	1 372	1 441
Vote 13 - Dept 018 - Municipal Works - Sewerage		1 961	1 474	5 886	6 139	6 139	6 139	6 446	6 768	7 107
Vote 14 - Dapt 020 - Municipal Works - PMU		6 279	9 361	6 033	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	718 006	697 765	787 962	858 561	908 033	908 033	874 316	972 278	1 030 046
Surplus/(Deficit) for the year	2	410 467	434 358	327 013	460 915	482 650	482 650	740 983	527 959	650 038

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

MP325 Bushbuckridge - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source										
Property rates	2	237 921	55 801	160 250	171 866	171 866	171 866	180 000	190 800	202 248
Property rates - penalties & collection charges										
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	21 680	21 680	26 877	42 401	42 401	42 401	37 528	39 691	41 676
Service charges - sanitation revenue	2	2 547	2 284	3 052	2 937	2 937	2 937	3 223	3 238	3 400
Service charges - refuse revenue	2	4 488	4 391	5 865	6 081	6 081	6 081	6 492	6 704	7 039
Service charges - other		3 333	977	–	–	–	–			
Rental of facilities and equipment		433	332	781	920	960	960	1 018	1 079	1 143
Interest earned - external investments		3 667	7 325	9 570	7 500	13 500	13 500	11 893	9 000	10 000
Interest earned - outstanding debtors		17 968	61 301	–	19 500	19 500	19 500	26 000	27 300	28 665
Dividends received										
Fines		1 925	2 894	1 152	2 500	2 500	2 500	2 625	2 756	2 894
Licences and permits		62	395	3 298	17 454	17 454	17 454	17 767	18 655	19 588
Agency services		11 741	10 028	9 926	9 095	9 095	9 095	9 550	10 027	10 528
Transfers recognised - operational		451 119	501 015	550 270	641 087	641 087	641 087	652 888	704 063	755 121
Other revenue	2	2 355	749	3 739	3 977	4 377	4 377	4 686	4 961	5 251
Gains on disposal of PPE		1 063	3 151		500	500	500	525	551	579
Total Revenue (excluding capital transfers and contributions)		760 302	672 322	774 780	925 818	932 258	932 258	954 194	1 018 826	1 088 134
Expenditure By Type										
Employee related costs	2	199 878	225 112	281 150	300 295	323 995	323 995	334 650	351 345	368 873
Remuneration of councillors		22 297	24 072	27 764	28 718	30 668	30 668	31 841	34 131	35 838
Debt impairment	3	131 113	23 861	49 589	115 000	115 000	115 000	83 000	126 788	133 127
Depreciation & asset impairment	2	52 276	68 393	76 511	43 000	43 000	43 000	45 150	47 408	49 778
Finance charges		266	454	774	577	577	577	606	636	668
Bulk purchases	2	123 289	133 067	208 977	171 820	171 820	171 820	185 000	199 800	215 784
Other materials	8	39 300	88 528	27 821	40 186	70 928	70 928	44 485	49 652	52 134
Contracted services		30 959	47 093	40 138	40 071	37 071	37 071	37 059	40 995	43 032
Transfers and grants		47 638	39 454	14 872	23 046	23 046	23 046	11 120	12 587	13 217
Other expenditure	4, 5	52 504	47 923	27 238	97 347	93 228	93 228	62 063	68 532	75 394
Loss on disposal of PPE										
Total Expenditure		699 518	697 957	754 835	860 061	909 334	909 334	834 975	931 873	987 846
Surplus/(Deficit)		60 784	(25 634)	19 945	65 757	22 925	22 925	119 219	86 953	100 288
Transfers recognised - capital		337 060	455 300		393 658	439 701	439 701	655 073	475 085	585 315
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–
Contributed assets										
Surplus/(Deficit) after capital transfers & contributions		397 845	429 666	19 945	459 415	462 626	462 626	774 292	562 038	685 602
Taxation										
Surplus/(Deficit) after taxation		397 845	429 666	19 945	459 415	462 626	462 626	774 292	562 038	685 602
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		397 845	429 666	19 945	459 415	462 626	462 626	774 292	562 038	685 602
Share of surplus/ (deficit) of associate	7									
Surplus/(Deficit) for the year		397 845	429 666	19 945	459 415	462 626	462 626	774 292	562 038	685 602

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R932 million in 2014/15 final budget, and projected to increase to R 954 million in 2015/16. This represents an increase of 2.3 per cent for the 2016/17 financial year.
2. Revenue to be generated from property rates is R172 million in the 2015/16 financial year final budget, and increases to R180 million in 2016/17 which represents 4 per cent increase of the operating revenue base of the Municipality and still therefore remains a significant funding source for the municipality. The projections are more of billing than the actual cash to be collected. The increase / decrease of property rates from the last 3 financial years was mainly due to the incorrect billing that were made for Government Departments and Kruger National Park. And that will also shows decrease over the medium-term and tariff increases have been factored for each of the respective financial years of the MTREF.
3. Water constitutes the second highest revenue collection for the municipality as projected, which amount to R 42 million in the 2015/16 adjusted budget, and will decrease to R 37 million in 2016/17 financial year. The difference between the billing and what we pay Rand Water board for purchase of bulk water is a major concern for the municipality, and the municipality is working at a loss. The municipality is currently bill less for the water charges.
4. Sanitation and refuse removal constitutes the lowest component of the revenue basket of the Municipality totalling R2.9 million and R 6 million respectively for the 2015/16 financial year and increasing to R3.2 million and R 6.5 million in 2016/17 projections. For the 2015/16 financial year services charges amount to 5. per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of water.
5. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 15 per cent and 10 per cent for the two outer years. The percentage share of this revenue source increase due to the less rapid relative growth in service charge revenues. The grants represents the 69 percent of the total operational revenue base for the municipality.
6. Bulk purchases have significantly increased over the MTREF and will escalate from R171 million in 2015/16 final budget to R185 million in 2016/17. These increases can be attributed to the substantial increase in the cost of bulk water from Bushbuckridge Water Board. Currently there is a service level agreement signed between the municipality and the water board.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

MP325 Bushbuckridge - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding										
Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term		Revenue &
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote										
Multi-year expenditure to be appropriated	2									
Vote 1 - Dept 001 - Budget & Treasury Office		–	–	–	–	–	–	–	–	–
Vote 2 - Dept 002 - Corporate Services		1 085	1 734	3 643	16 200	11 300	11 300	19 250	25 000	25 000
Vote 3 - Dept 005 - Economic Development, Planning & Infrastructure		6 146	4 526	4 756	22 165	19 865	19 865	23 950	53 100	22 000
Vote 4 - Dept 006- Community Support Services		1 264	9 790	6 380	–	967	967	750	27 609	15 109
Vote 5 - Dept 008 - Office of the Municipal Manager		–	–	–	–	–	–	–	–	–
Vote 6 - Dept 009 - Office of the Speaker		–	–	–	–	–	–	–	–	–
Vote 7 - Dept 010 - Office of the Mayor		–	–	–	–	–	–	–	–	–
Vote 8 - Dept 013 - Community Support Services - Transport		–	–	–	–	–	–	–	–	–
Vote 9 - Dept 014 - Municipal Works - Public Works		9 241	7 540	2 585	7 200	9 780	9 780	5 000	–	–
Vote 10 - Dept 015 - Municipal Works - Water		115 371	187 681	152 835	211 650	276 885	276 885	511 563	863 500	58 000
Vote 11 - Dept 016 - Municipal Works - Roads		37 654	145 094	110 856	110 500	102 991	102 991	75 070	202 600	181 600
Vote 12 - Dept 017 - Municipal Works - Refuse		1	–	2 057	10 600	7 300	7 300	4 500	4 500	4 200
Vote 13 - Dept 018 - Municipal Works - Sewerage		26 413	33 302	18 267	31 500	13 000	13 000	60 200	108 500	7 500
Vote 14 - Dept 020 - Municipal Works - PMU		108	15 737	7 192	51 100	40 561	40 561	40 700	52 500	16 000
0		–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	197 283	405 404	308 571	460 915	482 649	482 649	740 983	1 337 309	329 409
Capital Expenditure - Standard										
Governance and administration		1 085	1 734	3 643	16 200	11 300	11 300	19 250	25 000	25 000
Executive and council										
Budget and treasury office										
Corporate services		1 085	1 734	3 643	16 200	11 300	11 300	19 250	25 000	25 000
Community and public safety		1 372	11 961	13 572	14 100	9 670	9 670	21 450	80 109	31 109
Community and social services		1 264	9 790	11 814	–	967	967	750	27 609	15 109
Sport and recreation		65	1 675		4 500	2 003	2 003	9 200	39 000	16 000
Public safety		–	496	1 758	500	2 600	2 600	1 800	–	–
Housing		42	–		9 100	4 100	4 100	9 700	13 500	–
Health										
Economic and environmental services		43 800	149 620	115 612	132 665	122 856	122 856	99 020	255 700	203 600
Planning and development		6 146	4 526	4 756	22 165	19 865	19 865	23 950	53 100	22 000
Road transport		37 654	145 094	110 856	110 500	102 991	102 991	75 070	202 600	181 600
Environmental protection										
Trading services		151 026	237 996	175 744	270 950	316 524	316 524	601 263	976 500	69 700
Electricity		9 241	17 013	2 585	17 200	19 338	19 338	25 000	–	–
Water		115 371	187 681	152 835	211 650	276 885	276 885	511 563	863 500	58 000
Waste water management		26 413	33 302	18 267	31 500	13 000	13 000	60 200	108 500	7 500
Waste management		1	–	2 057	10 600	7 300	7 300	4 500	4 500	4 200
Other			4 093		27 000	27 000	27 000			
Total Capital Expenditure - Standard	3	197 283	405 404	308 571	460 915	487 350	487 350	740 983	1 337 309	329 409
Funded by:										
National Government		197 282	405 404	308 571	393 658	439 701	439 701	655 073	475 085	585 315
Provincial Government										
District Municipality										
Other transfers and grants					67 257	47 649	47 649	85 910	862 224	(255 905)
Transfers recognised - capital	4	197 282	405 404	308 571	460 915	487 350	487 350	740 983	1 337 309	329 409
Public contributions & donations	5									
Borrowing	6									
Internally generated funds										
Total Capital Funding	7	197 282	405 404	308 571	460 915	487 350	487 350	740 983	1 337 309	329 409

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source;

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2016/17, R741 million has been allocated to the capital budget, which shows an increment as compared to the final budget for 2015/16, which amounted to R 483 million. The main reason for the increase is mainly due to introduction of new capital grants allocated to the municipality (RBIG R 140M and WSIG R 130M). The capital allocation escalates to much in 2017/18 owing primarily to the fact that various projects will reach completion in 2017/18 and 2018/19 hence the spike in expenditure in year two.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programme is funded from capital and provincial grants and transfers, public contributions and Equitable Share. For 2016/17, all the capital projects will be funded through grants. The council took a decision to finance few capital projects from the Equitable shares due to the financial challenges within the municipality.

Table 17 MBRR Table A6 - Budgeted Financial Position

MP325 Bushbuckridge - Table A6 Budgeted Financial Position										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ASSETS										
Current assets										
Cash		114 306	152 577	213 635	237 000	237 000	237 000	196 000	187 000	198 000
Call investment deposits	1	–	–	–	–	–	–	–	–	–
Consumer debtors	1	154 419	157 949	687 857	424 000	424 000	424 000	1 464 000	1 610 400	1 771 440
Other debtors		217 613	231 334		495 000	495 000	495 000	569 000	612 000	698 000
Current portion of long-term receivables										
Inventory	2	3 197	950	2 430	3 783	3 783	3 783	3 895	3 996	3 999
Total current assets		489 536	542 810	903 922	1 159 783	1 159 783	1 159 783	2 232 895	2 413 396	2 671 439
Non current assets										
Long-term receivables										
Investments										
Investment property										
Investment in Associate										
Property, plant and equipment	3	1 663 066	1 853 438	2 012 202	2 646 800	2 646 800	2 646 800	3 085 000	3 006 116	2 910 738
Agricultural										
Biological										
Intangible		1 697	2 075	1 686	4 126	4 126	4 126	4 658	4 879	4 968
Other non-current assets										
Total non current assets		1 664 763	1 855 513	2 013 888	2 650 926	2 650 926	2 650 926	3 089 658	3 010 995	2 915 706
TOTAL ASSETS		2 154 299	2 398 323	2 917 810	3 810 709	3 810 709	3 810 709	5 322 553	5 424 391	5 587 145
LIABILITIES										
Current liabilities										
Bank overdraft	1									
Borrowing	4	–	–	–	–	–	–	–	–	–
Consumer deposits		2 411	2 421	2 421	2 411	2 411	2 411	2 411	2 411	2 411
Trade and other payables	4	574 538	601 340	588 856	454 000	409 000	409 000	338 000	353 500	370 000
Provisions		15 099	20 940	29 615				31 251	32 114	32 114
Total current liabilities		592 049	624 702	620 891	456 411	411 411	411 411	371 662	388 025	404 525
Non current liabilities										
Borrowing		–	–	–	–	–	–	–	–	–
Provisions		18 111	19 560	116 044	16 231	16 231	16 231	130 254	142 100	154 654
Total non current liabilities		18 111	19 560	116 044	16 231	16 231	16 231	130 254	142 100	154 654
TOTAL LIABILITIES		610 160	644 262	736 935	472 642	427 642	427 642	501 916	530 125	559 179
NET ASSETS	5	1 544 139	1 754 061	2 180 875	3 338 067	3 383 067	3 383 067	4 820 637	4 894 266	5 027 966
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		1 544 139	1 754 061	2 180 875	3 338 067	3 338 067	3 338 067	2 903 254	3 106 482	3 323 936
Reserves	4	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	1 544 139	1 754 061	2 180 875	3 338 067	3 338 067	3 338 067	2 903 254	3 106 482	3 323 936

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves.
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7 - Budgeted Cash Flow Statement

MP325 Bushbuckridge - Table A7 Budgeted Cash Flows										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges					63 590	63 590	63 590	54 000	57 240	60 675
Service charges		524 826	93 366	56 892	19 025	19 025	19 025	16 049	16 875	17 718
Other revenue					28 470	28 470	28 470	35 645	37 478	39 405
Government - operating	1	460 976	480 849	466 209	641 087	641 087	641 087	652 888	704 063	755 121
Government - capital	1	295 288	319 362	342 413	393 658	393 658	393 658	655 073	475 085	585 315
Interest		3 667	7 325	9 570	14 325	14 325	14 325	15 793	13 095	14 300
Dividends								-	-	-
Payments										
Suppliers and employees		(520 262)	(413 657)	(505 600)	(674 938)	(724 410)	(724 410)	(695 099)	(744 454)	(791 056)
Finance charges		(1 934)	(8 120)	(178)	(577)	(577)	(577)	(606)	(636)	(668)
Transfers and Grants	1	(44 461)	(39 388)	-	(23 046)	(23 046)	(23 046)	(11 120)	(12 587)	(13 217)
NET CASH FROM/(USED) OPERATING ACTIVITIES		718 101	439 737	369 307	461 594	412 122	412 122	722 623	546 158	667 593
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		1 063	3 151	714	500	500	500	525	551	579
Decrease (Increase) in non-current debtors								-	-	-
Decrease (increase) other non-current receivables								-	-	-
Decrease (increase) in non-current investments								-	-	-
Payments										
Capital assets		(608 792)	(414 719)	(308 963)	(460 915)	(472 915)	(472 915)	(666 884)	(1 203 578)	(296 468)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(607 729)	(411 568)	(308 249)	(460 415)	(472 415)	(472 415)	(666 359)	(1 203 027)	(295 889)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-	-	-
Borrowing long term/refinancing								-	-	-
Increase (decrease) in consumer deposits								-	-	-
Payments										
Repayment of borrowing								-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		110 372	28 169	61 058	1 179	(60 293)	(60 293)	56 264	(656 869)	371 703
Cash/cash equivalents at the year begin:	2	3 935	114 306	152 577	173 000	173 000	173 000	125 000	181 264	(475 605)
Cash/cash equivalents at the year end:	2	114 306	142 475	213 635	174 179	112 707	112 707	181 264	(475 605)	(103 902)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality fell significantly over the 2012/13 to 2013/14 period owing directly to a net decrease in cash.
4. As part of the 2015/16 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
5. In addition the Municipality will undertake an extensive debt collection drive in order to boost revenue collection for the municipality.
6. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

MP325 Bushbuckridge - Table A8 Cash backed reserves/accumulated surplus reconciliation										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available										
Cash/cash equivalents at the year end	1	114 306	142 475	213 635	174 179	112 707	112 707	181 264	(475 605)	(103 902)
Other current investments > 90 days		0	10 102	–	62 821	124 293	124 293	14 736	662 605	301 902
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–
Cash and investments available:		114 306	152 577	213 635	237 000	237 000	237 000	196 000	187 000	198 000
Application of cash and investments										
Unspent conditional transfers		151 207	4 541	64 767	75 000	30 000	30 000	25 000	27 500	31 000
Unspent borrowing		–	–	–	–	–	–	–	–	–
Statutory requirements	2									
Other working capital requirements	3	(217 990)	370 813	342 019	10 095	10 681	10 681	(430 804)	(486 560)	(563 185)
Other provisions										
Long term investments committed	4	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5									
Total Application of cash and investments:		(66 783)	375 353	406 787	85 095	40 681	40 681	(405 804)	(459 060)	(532 185)
Surplus(shortfall)		181 089	(222 776)	(193 151)	151 905	196 319	196 319	601 804	646 060	730 185

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2012/13 to 2013/14 the deficit deteriorated extensively and will continue to increase until the municipality is financially viable
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2011/12 MTREF was not funded owing to the significant deficit.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to move in to a deficit for the entire MTREF period, unless the revenue enhancement strategy be implemented to boost the current revenue collection.

Table 20 MBRR Table A9 - Asset Management

MP325 Bushbuckridge - Table A9 Asset Management										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term		Revenue &
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CAPITAL EXPENDITURE										
Total New Assets	1	197 281	405 404	308 571	464 415	482 650	482 650	713 383	1 263 550	288 300
Infrastructure - Road transport		37 654	145 094	110 856	110 500	102 991	102 991	75 070	202 600	181 600
Infrastructure - Electricity		9 241	17 013	3 313	17 200	19 338	19 338	25 000	-	-
Infrastructure - Water		115 371	187 681	152 835	196 550	260 953	260 953	508 313	859 000	50 500
Infrastructure - Sanitation		26 413	33 302	18 267	31 500	13 000	13 000	60 200	108 500	7 500
Infrastructure - Other		-	-	4 756	1 200	900	900	-	-	-
Infrastructure		188 679	383 090	290 028	356 950	397 182	397 182	668 583	1 170 100	239 600
Community		7 475	11 465	11 086	8 500	1 603	1 603	3 200	46 000	18 500
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	1 127	10 849	7 458	98 965	83 865	83 865	41 600	47 450	30 200
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4									
Infrastructure - Road transport		37 654	145 094	110 856	110 500	102 991	102 991	75 070	202 600	181 600
Infrastructure - Electricity		9 241	17 013	3 313	17 200	19 338	19 338	25 000	-	-
Infrastructure - Water		115 371	187 681	152 835	196 550	260 953	260 953	508 313	859 000	50 500
Infrastructure - Sanitation		26 413	33 302	18 267	31 500	13 000	13 000	60 200	108 500	7 500
Infrastructure - Other		-	-	4 756	1 200	900	900	-	-	-
Infrastructure		188 679	383 090	290 028	356 950	397 182	397 182	668 583	1 170 100	239 600
Community		7 475	11 465	11 086	8 500	1 603	1 603	3 200	46 000	18 500
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		1 127	10 849	7 458	98 965	83 865	83 865	41 600	47 450	30 200
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset	2	197 281	405 404	308 571	464 415	482 650	482 650	713 383	1 263 550	288 300
ASSET REGISTER SUMMARY - PPE (WD)	5									
Infrastructure - Road transport		255 844	275 679	387 811 534	487 403	487 403	487 403	562 473	765 073	946 673
Infrastructure - Electricity		13 837	17 627	74 542 730	34 827	34 827	34 827	59 827	59 827	59 827
Infrastructure - Water		568 381	612 047	663 706 151	1 023 586	1 008 486	1 008 486	1 516 799	2 375 799	2 426 299
Infrastructure - Sanitation		84 767	56 134	98 628 748	100 183	100 183	100 183	160 383	268 883	276 383
Infrastructure - Other		374 887	540 289	59 117 564	616 989	582 089	582 089	582 089	582 089	582 089
Infrastructure		1 297 716	1 501 776	1 283 807	2 262 987	2 212 989	2 212 989	2 881 571	4 051 671	4 291 271
Community		91 344	83 062	253 969 510	92 092	88 593	88 593	91 793	137 793	156 293
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		275 091	268 600	474 425 414	291 721	345 220	345 220	386 820	434 270	464 470
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		1 697	2 075	1 686	4 126	4 126	4 126	4 658	4 879	4 968
TOTAL ASSET REGISTER SUMMARY - PPE	5	1 665 848	1 855 513	2 013 888	2 650 926	2 650 928	2 650 928	3 364 842	4 628 613	4 917 002

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations, due to higher backlogs. The municipality is currently concentrating in implementing new projects.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

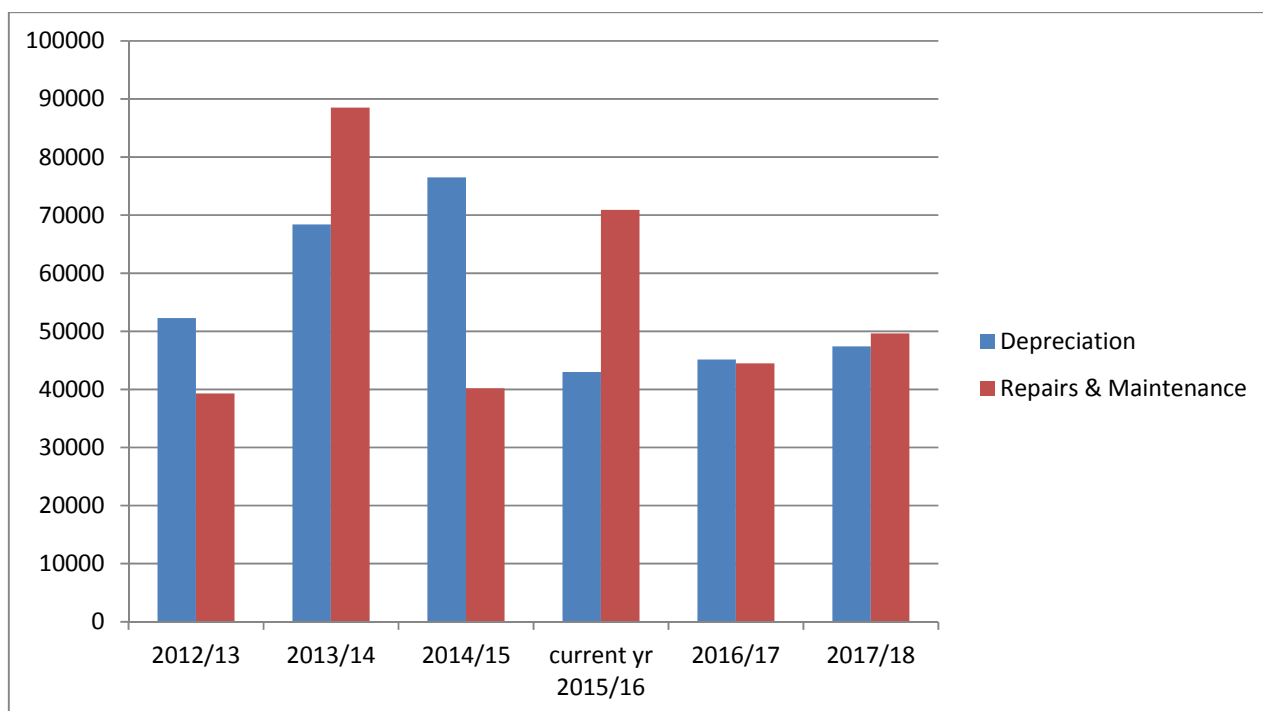
Figure 2 Depreciation in relation to repairs and maintenance over the MTREF

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

MP325 Bushbuckridge - Table A10 Basic service delivery measurement										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling		12 273	13 500	17 324	18 363	18 363	18 363	19 465	20 633	21 871
Piped water inside yard (but not in dwelling)		25 526	28 079	36 032	38 194	38 194	38 194	40 486	42 915	45 490
Using public tap (at least min.service level)	2	78 983	86 881	111 491	118 180	118 180	118 180	125 271	132 787	140 754
Other water supply (at least min.service level)	4	8 587	9 445	12 121	12 848	12 848	12 848	13 619	14 436	15 302
<i>Minimum Service Level and Above sub-total</i>		125 368	137 905	176 968	187 586	187 586	187 586	198 841	210 771	223 418
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	125 368	137 905	176 968	187 586	187 586	187 586	198 841	210 771	223 418
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		5 745	6 319	7 816	8 285	8 285	8 285	8 782	9 308	9 867
Flush toilet (with septic tank)		1 628	1 791	2 215	2 348	2 348	2 348	2 489	2 638	2 796
Chemical toilet		229	251	311	330	330	330	349	370	392
Pit toilet (ventilated)		12 323	13 555	16 765	17 771	17 771	17 771	18 837	19 968	21 166
Other toilet provisions (> min.service level)		6 990	7 689	9 510	10 081	10 081	10 081	10 686	11 327	12 006
<i>Minimum Service Level and Above sub-total</i>		26 914	29 606	36 617	38 814	38 814	38 814	41 142	43 611	46 228
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		90 204	99 225	109 644	111 837	111 837	111 837	117 429	123 300	129 465
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		90 204	99 225	109 644	111 837	111 837	111 837	117 429	123 300	129 465
Total number of households	5	117 119	128 831	146 261	150 651	150 651	150 651	158 571	166 911	175 693
<u>Energy:</u>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
<u>Refuse:</u>										
Removed at least once a week		8 330	8 330	8 829	9 270	9 270	9 270	9 734	10 221	10 732
<i>Minimum Service Level and Above sub-total</i>		8 330	8 330	8 829	9 270	9 270	9 270	9 734	10 221	10 732
Removed less frequently than once a week		471	518	641	679	679	679	713	749	786
Using communal refuse dump		526	579	716	758	758	758	796	836	878
Using own refuse dump		111 859	123 045	113 207	120 000	120 000	120 000	126 000	132 300	138 915
Other rubbish disposal		52	57	54	57	57	57	60	63	66
No rubbish disposal		9 515	10 467	9 630	10 208	10 208	10 208	10 718	11 254	11 817
<i>Below Minimum Service Level sub-total</i>		122 423	134 665	124 247	131 702	131 702	131 702	138 287	145 202	152 462
Total number of households	5	130 752	142 995	133 076	140 973	140 973	140 973	148 021	155 422	163 193

MP325 Bushbuckridge - Table A10 Basic service delivery measurement										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term		Revenue &
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
<u>Refuse:</u>										
Removed at least once a week		8 330	8 330	8 829	9 270	9 270	9 270	9 734	10 221	10 732
<i>Minimum Service Level and Above sub-total</i>		8 330	8 330	8 829	9 270	9 270	9 270	9 734	10 221	10 732
Removed less frequently than once a week		471	518	641	679	679	679	713	749	786
Using communal refuse dump		526	579	716	758	758	758	796	836	878
Using own refuse dump		111 859	123 045	113 207	120 000	120 000	120 000	126 000	132 300	138 915
Other rubbish disposal		52	57	54	57	57	57	60	63	66
No rubbish disposal		9 515	10 467	9 630	10 208	10 208	10 208	10 718	11 254	11 817
<i>Below Minimum Service Level sub-total</i>		122 423	134 665	124 247	131 702	131 702	131 702	138 287	145 202	152 462
Total number of households	5	130 752	142 995	133 076	140 973	140 973	140 973	148 021	155 422	163 193
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)		15 000			15 000					
Water (kilolitres per household per month)		20 855	22 941		24 373					
Sanitation (kilolitres per household per month)		-	-		-					
Sanitation (Rand per household per month)		1 652	1 817		1 930					
Electricity (kwh per household per month)		-	-		-					
Refuse (average litres per week)		159	175		186					
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)										
		56 995	3 544	4 934	5 100	5 100	5 100	-	5 814	6 163
Water (in excess of 6 kilolitres per indigent household per month)		366	366	440	564	564	564	-	593	622
Sanitation (in excess of free sanitation service to indigent households)		1	2	1	51	51	51	-	54	57
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		57 362	3 912	5 376	5 716	5 716	5 716	-	6 461	6 842
<i>References</i>										

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Water services – backlog will be reduced by over 1000 households in 2016/17 to just 700 households. These households are largely found in 'reception areas' and will need to formalise the areas so that they can receive services.
 - b. Sanitation services – backlog will be reduced by over 3000 households over the MTREF. The number of households with no toilet provision will be reduced after completion of rural sanitation project in 2016/17.
 - c. Electrification – backlog will be reduced by ESKOM and the municipality to non electrified households. As indicated elsewhere, the emphasis in the sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 2700 households budgeted to be electrified in 2016/17.
 - d. Refuse services – backlog will be reduced in 2016/17, and a further 14 000 households in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
3. The budget provides for indigent households in 2016/17, and therefore entitled to receiving Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality, and the cost will be covered by the municipality's equitable share allocation from national government.
5. In addition to the Free Basic Services, the Municipality also 'gives' households free services in 2016/17, and also the entire MTREF period. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 4 per cent of total operating revenue.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Executive Mayor or MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on August 2015. Key dates applicable to the process were:

- **August 2015** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2015/16 MTREF;
- **November - December 2015** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **January 2016** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **28 January 2016** - Council considers the 2015/16 Mid-year Review and Adjustments Budget;
- **February – March 2016** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2016/17 MTREF is revised accordingly;

- **31 March 2016** - Tabling in Council of the draft 2016/17 IDP and Budget - 2018/19 MTREF for public consultation;
- **April – May 2016** – Public consultation;
- **15 May 2016** - Closing date for written comments;
- **15 May 2016 to 25 May 2016** – finalisation of the 2016/17 IDP and 2016/17 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2016** - Tabling of the 2016/17 MTREF before Council for consideration and approval.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/17 MTREF, based on the approved 2015/16 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Municipality growth
- Policy priorities and strategic objectives

- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2015/16 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 72 & 74 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2016/17 MTREF as tabled before Council on 31 March 2016 for community consultation, hard copies were made available at head quarters, all 11 regional offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees will be utilised to facilitate the community consultation process in April - May 2016, and included 4 public briefing sessions that were held. The applicable dates and venues were published in all the local newspapers and on average attendance of ± 200 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2016/17 MTREF. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially water supply, bad conditions of access roads and bridges,
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;

- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

Significant changes effected in the final 2016/17 MTREF compared to the draft 2015/16 MTREF that was tabled for community consultation, include:

- The final service charges tariff increase, applicable to municipalities from 1 July 2016, was factored into the proposed consumer tariffs, applicable from 1 July 2016.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the IDP of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/17 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

Municipal Goals and Strategic Objectives

Municipal Goals	Strategic Objectives
Goal 1: Ensuring integrated development planning for the Municipality as a whole	<ul style="list-style-type: none"> • Strengthen existing IDP structures • Improve the IDP and budget planning process • Ensure implementation of IDP priorities • Allocate available funds to identified priorities on a Multi-Year Plan • Promote Public-Private-Partnerships Ensure implementation of tourism and LED strategy
Goal 2: Promoting bulk infrastructural development and services for the Municipality as a whole	<ul style="list-style-type: none"> • Conduct research and development on existing and future infrastructure development and services • Solicit additional funding for infrastructural development and services • Monitoring the implementation of capital projects and services

Goal 3: Building the capacity of BLM to perform its functions and exercise its powers where such capacity is lacking	<ul style="list-style-type: none"> Assess the capacity of Bushbuckridge Local Municipality Provide support to regional offices Strengthen inter-governmental relations
Goal 4: Promoting the equitable distribution of resources between all the wards in the Municipal area to ensure appropriate levels of municipal services within the areas	<ul style="list-style-type: none"> Conduct constant monitoring of municipal services Facilitate appropriate response for identified priority needs
Goal 5: Building a modern and performance driven municipality	<ul style="list-style-type: none"> Implement performance management system Create awareness and buy-in to BLM strategy Improve communication strategy Continuous assessment and staff development through PMS

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

Community Based Planning and Priority Issues

The following table outlines and summaries the challenges and service delivery priorities per ward:

	REMARKS	WARD
1. Water	<ul style="list-style-type: none"> Insufficient water Insufficient supply Reticulation 	All Wards 1-37

	REMARKS	WARD
2. Sanitation	<ul style="list-style-type: none"> • Insufficient sanitation • Lack of bulk sewerage infrastructure • VIP Toilets 	All Wards 1-37
3. Transport and Communication	<ul style="list-style-type: none"> • Lack of telephones • Lack of information centers • Traffic services • Establishment and upgrading of bus and taxi ranks 	1,2,8,9,11,13,21,22,25,30,31,34,35,36,& 37
4. Energy	<ul style="list-style-type: none"> • Insufficient electrification • Extensions • Power Failure • Use of alternative energy sources 	2,5,6,10,11,12,13,14,15,16,18,21,23,24, 27,31,33,34,35,&36.
5. Economic Growth and Development	<ul style="list-style-type: none"> • Job creation • Construction of business centers • Upgrading of land tenure • Grazing land • Market Stalls • Farming • Cultural villages • Market opportunities 	All Wards 1-37
6. Disabled	<ul style="list-style-type: none"> • User friendly schools for disabled • Skills development 	1,6,&19
7. Roads / Streets and bridges	<ul style="list-style-type: none"> • Opening of streets • Rehabilitation streets • Re-gravelling and grading 	All Wards 1-37
7. Human Settlement	<ul style="list-style-type: none"> • Provision of land for housing development • Provision of houses 	All wards 1-37

The following are the priority areas identified:

- Provide water;
- Provide roads, bridges and storm water;
- Provide sanitation;

- Provide waste removal;
- Provide Municipality planning services; and
- Maintaining the infrastructure of the Municipality.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into the following strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Maintaining existing R29 Towns;
- Strengthening key economic clusters;
- Strengthening the relationship with Chiefs;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2015/16 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

MP325 Bushbuckridge - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)												
Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Strengthen existing IDP structures . Improve the IDP and budget planning process. Ensure implementation of IDP priorities. Allocate available funds to identified priorities on a Multi-Year Plan. Promote Public-Private-Partnerships. Ensure implementation of tourism and LED strategy	Goal 1: Ensuring Intergrated Development Planning for the Municipality as a whole			727 177	600 746	721 506	843 769	851 992	851 992	872 984	937 174	1 002 392
Conduct research and development on existing and future infrastructure development and services . Solicit additional funding for infrastructural development and services. Monitoring the implementation of capital projects and services	Goal 2: Promoting Bulk lifrastructural development services for the municipality			324 267	422 793	271 324	366 158	398 393	398 393	358 773	387 035	410 712
Assess the capacity of Bushbuckridge Local Municipality . Provide support to regional offices. Strengthen inter-gov-ernmental relations	Goal 3: Building the capacity of BLM to perform its functions and exercise its powers where such capacity is lacking			9 012	10 102							
Conduct constant monitoring of municipal services. Facilitate appropriate response for identified priority needs	Goal 4: Promoting the equitable distribution of resources between all the wards in the municipal area to ensure appropriate levels of municipal services within the areas			54 409	78 680	107 985	81 680	112 430	112 430	354 278	145 302	234 717
Implement performance management system. Create awareness and buy-in to BLM strategy . Improve communication strategy . Continuous assessment and staff dev-elopment through PMS	Goal 5: Building a modern and perform driven municipality			(17 502)	19 796	14 160	27 869	27 869	27 869	29 263	30 726	32 263
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	1 097 363	1 132 118	1 114 974	1 319 476	1 390 683	1 390 683	1 615 299	1 500 238	1 680 084

Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

MP325 Bushbuckridge - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Strengthen existing IDP structures. Improve the IDP and budget planning process	Goal 1: Ensuring Intergrated Development Planning for the Municipality as a whole			382	409	512	1 011	921	921	1 013	1 063	1 116	
Monitoring the implementation of capital projects and services	Goal 2: Promoting Bulk ifrastructural development services for the municipality			123 289	133 067	208 977	171 820	171 820	171 820	185 000	199 800	215 784	
Assess the capacity of Bushbuckridge Local Municipality . Provide support to regional offices	Goal 3: Building the capacity of BLM to perform its functions and exercise its powers where such capacity is lacking			200 572	226 807	330 740	415 295	438 995	438 995	417 650	478 133	502 000	
Conduct constant monitoring of municipal services	Goal 4: Promoting the equitable distribution of resources between all the wards in the municipal area to ensure appropriate levels of municipal services within the areas			265 810	334 938	247 733	270 435	296 297	296 297	270 654	293 282	311 145	
Continuous assessment and staff dev elopment through PMS	Goal 5: Building a modern and perform driven municipality			104 468	2 025	93 949	9 522	12 001	12 001	17 261	18 144	21 847	
Allocations to other priorities													
Total Expenditure				1	694 520	697 246	881 911	868 083	920 034	920 034	891 577	990 423	1 051 893

Table 25 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

[illegible]

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

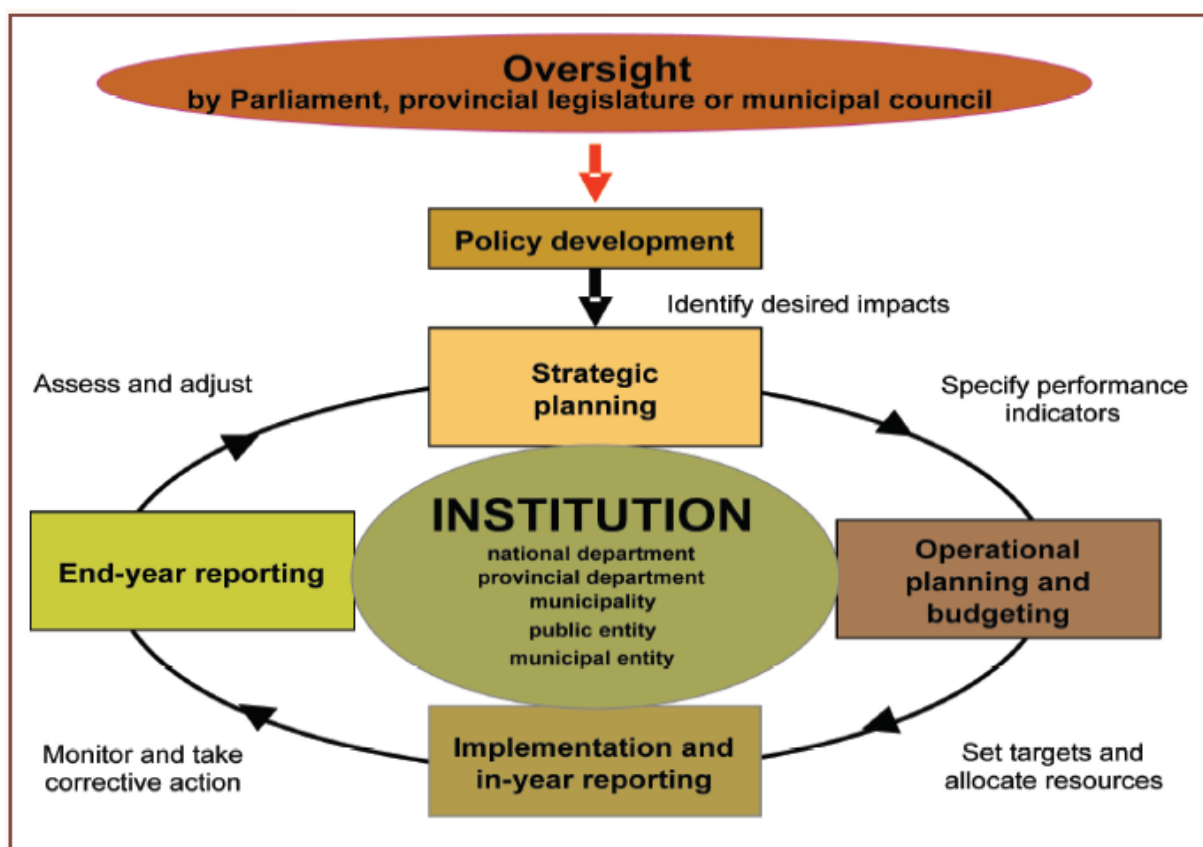


Figure 3 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting

stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

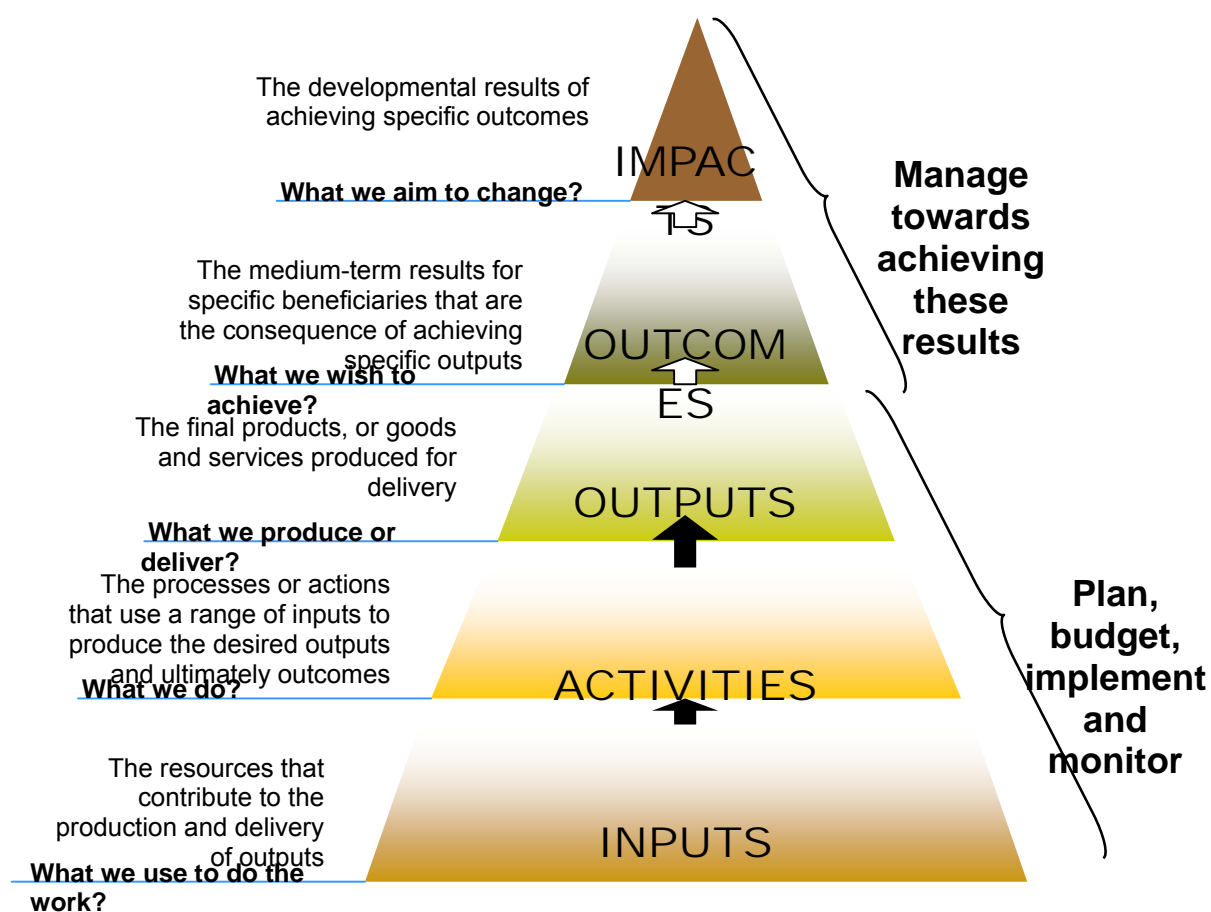


Figure 4 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 26 MBRR Table SA7 - Measurable performance objectives

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

Table 27 MBRR Table SA8 - Performance indicators and benchmarks

MP325 Bushbuckridge - Supporting Table SA8 Performance indicators and benchmarks										
Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term	Revenue &	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0,0%	0,1%	0,1%	0,1%	0,1%	0,1%	0,1%	0,1%	0,1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0,1%	0,3%	0,3%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex.cl. transfers and grants and contributions	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	0,8	0,9	1,5	2,5	2,8	2,8	6,0	6,2	6,6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0,8	0,9	1,5	2,5	2,8	2,8	6,0	6,2	6,6
Liquidity Ratio	Monetary Assets/Current Liabilities	0,2	0,2	0,3	0,5	0,6	0,6	0,5	0,5	0,5
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		194,4%	109,7%	29,0%	37,0%	37,0%	0,0%	30,8%	30,8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		194,4%	109,7%	29,0%	37,0%	37,0%	37,0%	30,8%	30,8%	30,8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	48,9%	57,9%	88,8%	99,3%	98,6%	98,6%	213,1%	218,1%	226,9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))									
Creditors to Cash and Investments		370,3%	418,9%	245,3%	217,6%	336,3%	336,3%	172,7%	-68,5%	-326,3%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	2 297								
	Total Cost of Losses (Rand '000)									
	% Volume (units purchased and generated less units sold)/units purchased and generated									
Water Distribution Losses (2)	Total Volume Losses (kℓ)									
	Total Cost of Losses (Rand '000)									
	% Volume (units purchased and generated less units sold)/units purchased and generated									
Employee costs	Employee costs/(Total Revenue - capital revenue)	26,3%	33,5%	36,3%	32,4%	34,8%	34,8%	35,1%	34,5%	33,9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	29,4%	37,1%	39,9%	35,5%	38,0%	38,0%	37,5%	36,8%	36,1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5,2%	13,2%	3,6%	4,3%	5,5%	5,5%	4,7%	4,9%	4,8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	6,9%	10,2%	10,0%	4,7%	4,7%	4,7%	4,8%	4,7%	4,6%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	42,2	17,9	15,7	19,9	19,9	19,9	23,0	22,0	23,3
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	137,6%	455,5%	349,5%	409,9%	409,8%	409,8%	890,6%	920,2%	966,5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2,3	3,1	4,0	2,8	1,8	1,8	3,0	(7,0)	(1,4)

2.3.1 Performance indicators and benchmarks

2.3.1.1 Capital budget

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Bushbuckridge Local Municipality's does not have a borrowing strategy, due to the low revenue collections. The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF:

In summary, various financial risks could have a negative impact on the future revenue projections of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2016/17 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

89 percent (R649.7 million) of the capital budget will be funded through government grants and 15 percent (82 million) will be funded through own revenue and Equitable Share.

2.3.1.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2015/16 MTREF the current ratio is 0.3 in the 2016/17 financial year and 0.1 and 0.2 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2015/16 financial year the ratio was 0.0 and as part of the financial planning strategy it will remain the same as 0.0 in the MTREF. **This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.**

2.3.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework will be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.4 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 80 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.5 Other Indicators

- The water distribution losses will have to be monitored by the municipality and Bushbuckridge water board. This will be achieved with the introduction of a water leakage report and action centre. The intention is to further rollout additional depots within the Municipality to further leverage from the efficiency that the centre offers. It is planned to further reduce distribution losses by 2016/17.
- Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the high increase in revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2015/16 financial year indigents households have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water, free basic electricity, 6 kℓ sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 69 per cent of the Municipality's bulk water needs are provided directly by Rand Water Board in the form of purified water. The remaining 31 per cent is generated from the Municipality's own water sources, such as boreholes and small dams.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

The following is briefly the main challenges facing the Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- The Division is working in consultation with the Department of Water Affairs to address catchment management.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme

also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2016/17 MTREF has been prepared on the basis of achieving an average debtors' collection rate of at-least 35 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.4.2 Asset Management Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Adjustment

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in March 2014. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.4.5 Budget Policy

The Budget Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget Policy was approved by Council in March 2014 and was amended in respect of both Operating and Capital Budget Fund Transfers.

2.4.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was amended by Council in March 2014. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

2.4.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

2.4.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2015/16 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2015/16 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

The following budget related policies are available:

- Property Rates Policy;
- Funding and Reserves Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

2.5 Overview of budget assumptions

2.5.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk water; and
- The increase in the cost of remuneration. Employee related costs comprise 6.7 per cent of total operating expenditure in the 2016/17 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions on 31 July 2009 as well as the categorisation and job evaluation wage curves collective agreement signed on 21 April 2010 must be noted.

2.5.3 Credit rating outlook

Table 28 Credit rating outlook

The rating definitions are:

- Short term : Prime – 1
Short-Term Debt Ratings (maturities of less than one year)
Prime-1 (highest quality)
- Long-term : Aa3
Defined as high-grade. "Aa" rated are judged to be of high quality and are subject to very low credit risk.

2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (35 per cent) of annual billings. Cash flow is assumed to be 35 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The non-performance of revenue collections will however impact negatively on municipal cash flow. The municipality is currently not doing good in terms of revenue collections.

2.5.5 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.6 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2012 and shall remain in force until 30 June 2015. Year three is an across the board increase of 7 per cent.

2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link

between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 95 per cent is achieved on operating expenditure and 90 per cent on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 29 Breakdown of the operating revenue over the medium-term

MP325 Bushbuckridge - Table A1 Budget Summary									
Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance									
Property rates	237 921	55 801	160 250	171 866	171 866	171 866	180 000	190 800	202 248
Service charges	32 048	29 331	35 794	51 419	51 419	51 419	47 243	49 634	52 115
Investment revenue	3 667	7 325	9 570	7 500	13 500	13 500	11 893	9 000	10 000
Transfers recognised - operational	451 119	501 015	550 270	641 087	641 087	641 087	652 888	704 063	755 121
Other own revenue	35 546	78 850	18 896	53 946	54 386	54 386	62 170	65 329	68 649
Total Revenue (excluding capital transfers and contributions)	760 302	672 322	774 780	925 818	932 258	932 258	954 194	1 018 826	1 088 134

The following graph is a breakdown of the operational revenue per main category for the 2016/17 financial year.

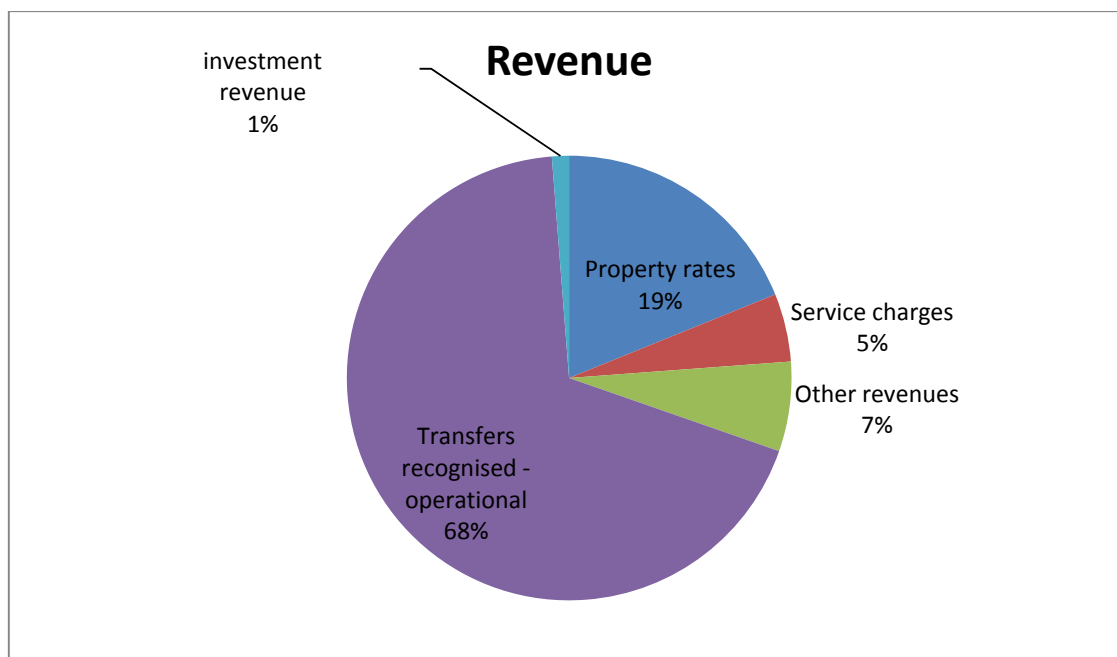


Figure 5 Breakdown of operating revenue over the 2016/17 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2015/16 MTREF on the different revenue categories are:

Table 30 Proposed tariff increases over the medium-term

Revenue Category	2013/14 Tariff Increases	2014/15 Tariff Increases	2015/16 current Tariff Increases	2016/17 Proposed Tariff Increases	Total Budgeted Revenue (R 000)	2015/16 Revenue to be collected
Property Rates	0%	9%	6,70%	6,00%	180 000 000	63 000 000
Water	0%	12%	6,70%	6,00%	37 528 000	13 134 800
Sanitation	0%	6%	6,70%	6,00%	3 223 000	1 128 050
Refuse	0%	6%	6,70%	6,00%	6 492 000	2 272 200

Revenue to be generated / billed from property rates is estimated at billing of R180 million in the 2016/17 financial year and with an estimates of actual collections of R 63 million, based on 35 percent collection rate, and It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition there are still outstanding objections, although significant progress was made in dealing with these objections in the 2016/17 financial year. It is anticipated that the process will be concluded by the end of July 2015. As the levying of property rates is considered a strategic revenue source a further supplementary valuation process have been undertaken in the 1st and 3rd quarter of the 2015/16 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to water billing amounted to R 37.5 million and actual collection projected to R 13.1 million. Comparing with what the Rand Water Board is billing the municipality on monthly basis. The difference is very huge and is clear that the municipality is working at a loss on these services.

Sanitation and refuse removal constitutes the lowest component of the revenue basket of the Municipality totalling R9.6 million for the 2016/17 with an estimated actual collection of R 3.3 Million in the new financial year.

Operational grants and subsidies represents a significant amount in the revenue budget for the municipality. Almost 75 percent of the allocation is from government grants, and the projected collection is only 35 percent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by for the two outer years. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high decreases in revenue relating to services charges.

Investment revenue (interest received) contributes marginally to the revenue base of the Municipality for the respective three financial years of the 2016/17 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

2.6.2 Medium-term outlook: capital revenue

Capital projects per Directorate and Sector

MP325 Bushbuckridge - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding										
Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote										
Multi-year expenditure to be appropriated	2									
Vote 1 - Dept 001 - Budget & Treasury Office		-	-	-	-	-	-	-	-	-
Vote 2 - Dept 002 - Corporate Services		1 085	1 734	3 643	16 200	11 300	11 300	19 250	25 000	25 000
Vote 3 - Dept 005 - Economic Development, Planning & Infrastructure		6 146	4 526	4 756	22 165	19 865	19 865	23 950	53 100	22 000
Vote 4 - Dept 006 - Community Support Services		1 264	9 790	6 380	-	967	967	750	27 609	15 109
Vote 5 - Dept 008 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 6 - Dept 009 - Office of the Speaker		-	-	-	-	-	-	-	-	-
Vote 7 - Dept 010 - Office of the Mayor		-	-	-	-	-	-	-	-	-
Vote 8 - Dept 013 - Community Support Services - Training		-	-	-	-	-	-	-	-	-
Vote 9 - Dept 014 - Municipal Works - Public Works		9 241	7 540	2 585	7 200	9 780	9 780	5 000	-	-
Vote 10 - Dept 015 - Municipal Works - Water		115 371	187 681	152 835	211 650	276 885	276 885	511 563	863 500	58 000
Vote 11 - Dept 016 - Municipal Works - Roads		37 654	145 094	110 856	110 500	102 991	102 991	75 070	202 600	181 600
Vote 12 - Dept 017 - Municipal Works - Refuse		1	-	2 057	10 600	7 300	7 300	4 500	4 500	4 200
Vote 13 - Dept 018 - Municipal Works - Sewerage		26 413	33 302	18 267	31 500	13 000	13 000	60 200	108 500	7 500
Vote 14 - Dept 020 - Municipal Works - PMU		108	15 737	7 192	51 100	40 561	40 561	40 700	52 500	16 000
0		-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	197 283	405 404	308 571	460 915	482 649	482 649	740 983	1 337 309	329 409
Capital Expenditure - Standard										
<i>Governance and administration</i>		1 085	1 734	3 643	16 200	11 300	11 300	19 250	25 000	25 000
Executive and council										
Budget and treasury office										
Corporate services		1 085	1 734	3 643	16 200	11 300	11 300	19 250	25 000	25 000
<i>Community and public safety</i>		1 372	11 961	13 572	14 100	9 670	9 670	21 450	80 109	31 109
Community and social services		1 264	9 790	11 814	-	967	967	750	27 609	15 109
Sport and recreation		65	1 675		4 500	2 003	2 003	9 200	39 000	16 000
Public safety		-	496	1 758	500	2 600	2 600	1 800	-	-
Housing		42	-		9 100	4 100	4 100	9 700	13 500	-
Health										
<i>Economic and environmental services</i>		43 800	149 620	115 612	132 665	122 856	122 856	99 020	255 700	203 600
Planning and development		6 146	4 526	4 756	22 165	19 865	19 865	23 950	53 100	22 000
Road transport		37 654	145 094	110 856	110 500	102 991	102 991	75 070	202 600	181 600
Environmental protection										
<i>Trading services</i>		151 026	237 996	175 744	270 950	316 524	316 524	601 263	976 500	69 700
Electricity		9 241	17 013	2 585	17 200	19 338	19 338	25 000	-	-
Water		115 371	187 681	152 835	211 650	276 885	276 885	511 563	863 500	58 000
Waste water management		26 413	33 302	18 267	31 500	13 000	13 000	60 200	108 500	7 500
Waste management		1	-	2 057	10 600	7 300	7 300	4 500	4 500	4 200
<i>Other</i>			4 093		27 000	27 000	27 000			
Total Capital Expenditure - Standard	3	197 283	405 404	308 571	460 915	487 350	487 350	740 983	1 337 309	329 409

The following table is a breakdown of the funding composition of the 2016/17 medium-term capital programme:

Table 31 Sources of capital revenue over the MTREF

MP325 Bushbuckridge - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding										
Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Total Capital Expenditure - Standard	3	197 283	405 404	308 571	460 915	487 350	487 350	740 983	1 337 309	329 409
Funded by:										
National Government		197 282	405 404	308 571	393 658	439 701	439 701	655 073	475 085	585 315
Provincial Government										
District Municipality										
Other transfers and grants					67 257	47 649	47 649	85 910	862 224	(255 905)
Transfers recognised - capital	4	197 282	405 404	308 571	460 915	487 350	487 350	740 983	1 337 309	329 409
Public contributions & donations	5									
Borrowing	6									
Internally generated funds										
Total Capital Funding	7	197 282	405 404	308 571	460 915	487 350	487 350	740 983	1 337 309	329 409

The above table is graphically represented as follows for the 2016/17 financial year.

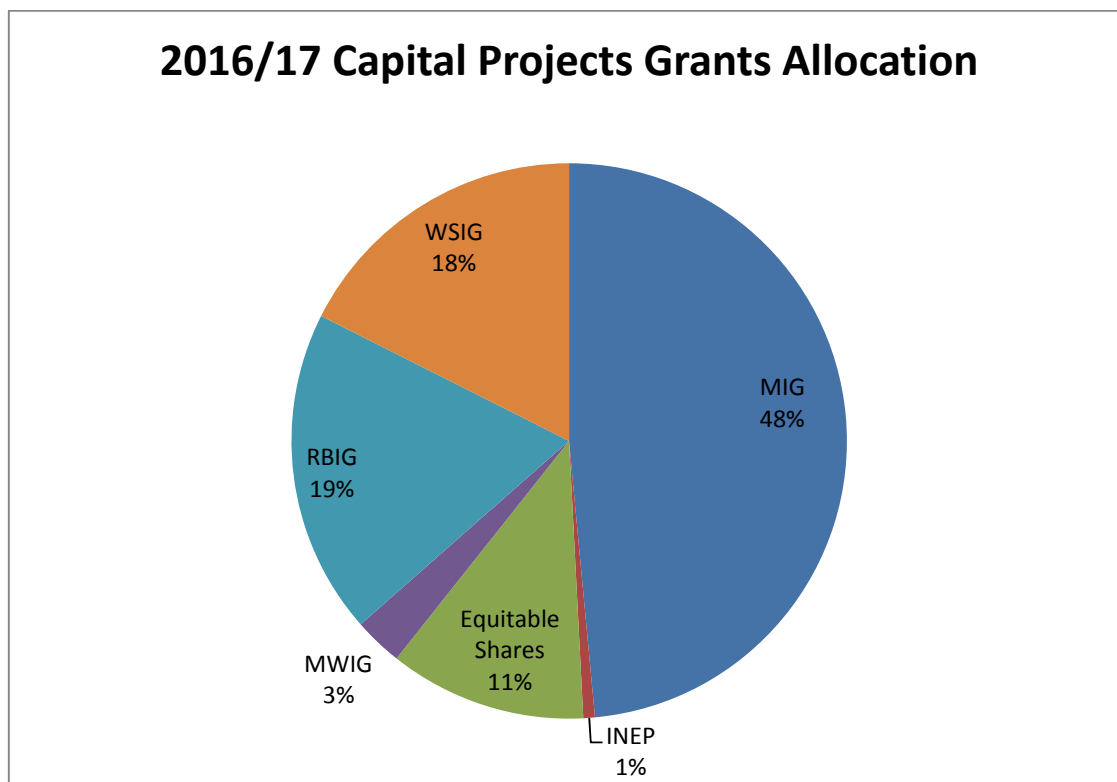


Figure 6 Sources of capital revenue for the 2016/17 financial year

Capital grants and receipts equates to 83 per cent of the total funding source which represents R655 million for the 2016/17 financial year. Borrowing still remains a non-significant funding source for the capital programme over the medium-term with an estimated zero amount to be raised for each of the respective financial years of the MTREF. As explained earlier, the municipality does not have a borrowing strategy to finance its capital activities due to the current low revenue collection.

The Municipality does not have any borrowing liability.

Table 32 MBRR Table SA 18 - Capital transfers and grant receipts

MP325 Bushbuckridge - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
RECEIPTS:	1, 2									
Capital Transfers and Grants										
National Government:		327 462	448 644	337 764	386 458	386 458	386 458	519 773	409 085	433 865
Municipal Infrastructure Grant (MIG)		324 267	422 793	271 324	366 158	366 158	366 158	358 773	387 035	410 712
Rural Households Infrastructure		3 195	-	61 899	-	-	-	-	-	-
Regional Bulk Infrastructure		-	-	-	-	-	-	140 000	-	-
Neighbourhood Development Partnership					300	300	300			
Municipal Water Infrastructure Grant		-	25 851	4 541	20 000	20 000	20 000	21 000	22 050	23 153
Provincial Government:		-	-	-	-	-	-	130 000	60 000	141 450
Water Services Infrastructure Grant								130 000	60 000	141 450
District Municipality:		-	-	-	-	-	-	-	-	-
Operational Grant from Ehlanzeni District										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	327 462	448 644	337 764	386 458	386 458	386 458	649 773	469 085	575 315
TOTAL RECEIPTS OF TRANSFERS & GRANTS		819 287	956 315	891 526	1 034 745	1 053 469	1 053 469	1 307 661	1 179 148	1 340 436

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;

- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 33 MBRR Table A7 - Budget cash flow statement

MP325 Bushbuckridge - Table A7 Budgeted Cash Flows										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges					63 590	63 590	63 590	54 000	57 240	60 675
Service charges		524 826	93 366	56 892	19 025	19 025	19 025	16 049	16 875	17 718
Other revenue					28 470	28 470	28 470	35 645	37 478	39 405
Government - operating	1	460 976	480 849	466 209	641 087	641 087	641 087	652 888	704 063	755 121
Government - capital	1	295 288	319 362	342 413	393 658	393 658	393 658	655 073	475 085	585 315
Interest		3 667	7 325	9 570	14 325	14 325	14 325	15 793	13 095	14 300
Dividends								-	-	-
Payments										
Suppliers and employees		(520 262)	(413 657)	(505 600)	(674 938)	(724 410)	(724 410)	(695 099)	(744 454)	(791 056)
Finance charges		(1 934)	(8 120)	(178)	(577)	(577)	(577)	(606)	(636)	(668)
Transfers and Grants	1	(44 461)	(39 388)	-	(23 046)	(23 046)	(23 046)	(11 120)	(12 587)	(13 217)
NET CASH FROM/(USED) OPERATING ACTIVITIES		718 101	439 737	369 307	461 594	412 122	412 122	722 623	546 158	667 593
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		1 063	3 151	714	500	500	500	525	551	579
Decrease (Increase) in non-current debtors								-	-	-
Decrease (increase) other non-current receivables								-	-	-
Decrease (increase) in non-current investments								-	-	-
Payments										
Capital assets		(608 792)	(414 719)	(308 963)	(460 915)	(472 915)	(472 915)	(666 884)	(1 203 578)	(296 468)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(607 729)	(411 568)	(308 249)	(460 415)	(472 415)	(472 415)	(666 359)	(1 203 027)	(295 889)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-	-	-
Borrowing long term/refinancing								-	-	-
Increase (decrease) in consumer deposits								-	-	-
Payments										
Repayment of borrowing								-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		110 372	28 169	61 058	1 179	(60 293)	(60 293)	56 264	(656 869)	371 703
Cash/cash equivalents at the year begin:	2	3 935	114 306	152 577	173 000	173 000	173 000	125 000	181 264	(475 605)
Cash/cash equivalents at the year end:	2	114 306	142 475	213 635	174 179	112 707	112 707	181 264	(475 605)	(103 902)

The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2012/13 financial year indicating a small cash balance that clearly indicates a small amount for all the approved MTREF. The cash flow started to improve from 2013/14 and showing a huge positive balance in the cash flow for the municipality. Various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality is currently undertaking an extensive debt collection process to boost cash levels. These initiatives and interventions will translate into a positive cash position for the Municipality in the future. For the 2016/17 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to be negative, and that will also be determined by the level of collection by the municipality.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 34 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

MP325 Bushbuckridge - Table A8 Cash backed reserves/accumulated surplus reconciliation								
Description	Ref	Current Year 2015/16				2016/17 Medium Term Revenue &		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available								
Cash/cash equivalents at the year end	1	174 179	112 707	112 707	–	181 264	(475 605)	(103 902)
Other current investments > 90 days		62 821	124 293	124 293	–	14 736	662 605	301 902
Non current assets - Investments	1	–	–	–	–	–	–	–
Cash and investments available:		237 000	237 000	237 000	–	196 000	187 000	198 000
Application of cash and investments								
Unspent conditional transfers		75 000	30 000	30 000	–	25 000	27 500	31 000
Unspent borrowing		–	–	–	–	–	–	–
Statutory requirements	2							
Other working capital requirements	3	10 095	10 681	10 681	–	(430 804)	(486 560)	(563 185)
Other provisions								
Long term investments committed	4	–	–	–	–	–	–	–
Reserves to be backed by cash/investme	5							
Total Application of cash and investments:		85 095	40 681	40 681	–	(405 804)	(459 060)	(532 185)
Surplus(shortfall)		151 905	196 319	196 319	–	601 804	646 060	730 185

From the above table it can be seen that the cash and investments available total R196 million in the 2015/16 financial year and progressively increase to R601 million in 2016/17, and including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2014/15 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants.
- AFS for 2014/15, indicated unspent amount of R64 Million as at the end of June 2015, and the municipality applied for approvals for roll-over that was approved by National Treasury as the funding appropriation relating to the unspent conditional grants could be motivated as part of existing projects.
- No amount was deducted from the 2015/16 equitable share allocation by National Treasury as part of the unspent conditional grants for 2014/15 that was not approved by National Treasury when applied for roll over.
- For 2014/15 FY, an application for roll-over was made to an amount of R 64 Million, and was approved and they were also cash backed.

- For the 2014/15 financial year provisions liability as the total unspent conditional grant amounted to R64 million. The Municipality has received the necessary roll-over approval from the National Treasury.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. **High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as this has been experienced by the Municipality, resulting in cash flow challenges.** For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. **Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.**
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. The level of non cash-backing progressively deteriorated over the entire MTREF period. The municipality has essentially depleted all cash reserves which is a serious concern and should be considered a strategic risk to the financial stability of the Municipality. **As part of the planning strategy, this deficit needs to be aggressively managed downwards and as part of the medium term planning objectives.** It is aimed that this deficit would have been significantly reduced translating into a surplus only if the revenue collection for the municipality be effective. It needs to be noted that for all practical purposes the 20154/16 MTREF was funded when considering the funding requirements of section 18 and 19 of the MFMA, based on the debt owed to Bushbuckridge Water Board.. **The 2016/17 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA.** However, from a practical perspective it would not be possible to eradicate this deficit in one financial year hence the phased approach over the MTREF. Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate. The outstanding debt due to the Rand Water Board is the main contributing factor of the municipality's financial challenges, based on what we purchase for water, and how much we bill to the consumers.

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to

which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 35 MBRR SA10 – Funding compliance measurement

MP325 Bushbuckridge Supporting Table SA10 Funding measurement											
Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term		Revenue &
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures											
Cash/cash equivalents at the year end - R'000	18(1)b	1	114 306	142 475	213 635	174 179	112 707	112 707	181 264	(475 605)	(103 902)
Cash + investments at the yr end less applications - R'000	18(1)b	2	181 089	(222 776)	(193 151)	151 905	196 319	196 319	601 804	646 060	730 185
Cash year end/monthly employee/supplier payments	18(1)b	3	2,3	3,1	4,0	2,8	1,8	1,8	3,0	(7,0)	(1,4)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	397 845	429 666	19 945	459 415	462 626	462 626	774 292	562 038	685 602
Service charge rev % change - macro CPIX target excluded	18(1)a,(2)	5	N.A.	(74,5%)	124,3%	7,9%	(6,0%)	(6,0%)	(4,2%)	(0,2%)	(0,2%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	172,4%	58,1%	26,5%	40,1%	40,1%	40,1%	36,6%	36,6%	36,5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	48,6%	28,0%	25,3%	51,5%	51,5%	51,5%	36,5%	52,7%	52,3%
Capital payments % of capital expenditure	18(1)c;19	8	308,6%	102,3%	100,1%	100,0%	98,0%	98,0%	90,0%	90,0%	90,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Gov't legislated/gazetted allocations	18(1)a	10							84,0%	88,0%	83,0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	4,6%	76,7%	33,6%	0,0%	0,0%	121,2%	9,3%	11,1%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2,4%	4,8%	1,4%	1,5%	1,9%	1,9%	1,4%	1,7%	1,8%
Asset renewal % of capital budget	20(1)(vi)	14	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 18 of the MFMA which deals with the funded budget at the end of the financial year.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2012/13 to 2013/14, moving from 0.9 to (0.1) with the adopted 2013/14 MTREF. As part of the 2014/15 MTREF the municipalities decreasing cash position causes the ratio to move downwards to 1.0 and then reduces slightly to 0.9 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term..

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 6 and 6.7 per cent for the respective financial year of the 2015/16 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 9 per cent. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the current projection is still at 35 per cent for 2015/16 financial year. Given that the assumed collection rate was based on a improved performance target, the cash flow statement has been

conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 28 and 25 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well far higher and not within the accepted leading practice.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. The Municipality currently does not intend to do borrowings in order to finance its capital assets, due to the current collection rate.

2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures does not show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days. Debtors are taking long to settle their debts with the municipality.

2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C.

2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 36 MBRR SA19 - Expenditure on transfers and grant programmes

MP325 Bushbuckridge - Supporting Table SA19 Expenditure on transfers and grant programme										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		491 824	507 671	553 312	648 287	667 011	667 011	657 888	710 063	765 121
Local Government Equitable Share		445 036	485 251	545 094	635 931	635 931	635 931	647 298	701 918	752 721
Finance Management		1 506	1 550	1 600	1 675	1 675	1 675	1 810	2 145	2 400
Municipal Systems Improvement		800	890	934	930	930	930	-	-	-
Water Services Operating Subsidy		8 680	10 728	-	-	16 941	16 941	-	-	-
EPWP Incentive		4 110	2 596	2 192	2 551	2 551	2 551	3 780	-	-
Integrated National Electrification Programme		9 598	6 656	3 492	7 200	7 200	7 200	5 000	6 000	10 000
Disaster Grant		22 095	-	-	-	1 783	1 783	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
0										
District Municipality:		-	-	-	-	-	-	-	-	-
Operational Grant from Ehlanzeni District										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		491 824	507 671	553 312	648 287	667 011	667 011	657 888	710 063	765 121
Capital expenditure of Transfers and Grants										
National Government:		327 462	448 644	337 764	386 158	386 458	386 458	519 773	409 085	433 865
Municipal Infrastructure Grant (MIG)		324 267	422 793	271 324	366 158	366 158	366 158	358 773	387 035	410 712
Rural Households Infrastructure		3 195	-	61 899	-	-	-	-	-	-
Regional Bulk Infrastructure		-	-	-	-	-	-	140 000	-	-
Neighbourhood Development Partnership						300	300			
Municipal Water Infrastructure Grant		-	25 851	4 541	20 000	20 000	20 000	21 000	22 050	23 153
Provincial Government:		-	-	-	-	-	-	130 000	60 000	141 450
Water Services Infrastructure Grant		-	-	-	-	-	-	130 000	60 000	141 450
District Municipality:		-	-	-	-	-	-	-	-	-
Operational Grant from Ehlanzeni District										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		327 462	448 644	337 764	386 158	386 458	386 458	649 773	469 085	575 315
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		819 287	956 315	891 076	1 034 445	1 053 469	1 053 469	1 307 661	1 179 148	1 340 436

Table 37 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

2.8 Councillor and employee benefits

Table 38 MBRR SA22 - Summary of councillor and staff benefits

MP325 Bushbuckridge - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		14 858	17 264	19 606	19 239	21 239	21 239	22 000	23 639	24 821
Pension and UIF Contributions		2 584	2 020	2 801	3 566	3 756	3 756	3 948	4 178	4 387
Medical Aid Contributions		576	400	600	612	372	372	394	414	434
Motor Vehicle Allowance		4 279	4 387	4 760	5 302	5 302	5 302	5 500	5 901	6 196
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		22 297	24 072	27 768	28 718	30 668	30 668	31 841	34 131	35 838
% increase	4		8,0%	15,4%	3,4%	6,8%	-	3,8%	7,2%	5,0%
Senior Managers of the Municipality										
Basic Salaries and Wages		2 135			5 088	5 088	5 088	5 393	5 717	6 060
Pension and UIF Contributions		163			292	292	292	310	328	348
Medical Aid Contributions		67			169	169	169	179	189	201
Overtime					-	-	-	-	-	-
Performance Bonus					-	-	-	-	-	-
Motor Vehicle Allowance	3	968			2 079	2 079	2 079	2 203	2 336	2 476
Cellphone Allowance	3				-	-	-	-	-	-
Housing Allowances	3	6			10	10	10	10	11	11
Other benefits and allowances	3				-	-	-	-	-	-
Payments in lieu of leave								-	-	-
Long service awards								-	-	-
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		3 339	-	-	7 637	7 637	7 637	8 095	8 581	9 096
% increase	4		(100,0%)	-	-	-	-	6,0%	6,0%	6,0%
Other Municipal Staff										
Basic Salaries and Wages		131 665	153 986	198 858	195 263	205 263	205 263	216 607	227 383	238 695
Pension and UIF Contributions		25 138	28 399	35 697	38 208	41 208	41 208	42 576	44 702	46 934
Medical Aid Contributions		7 277	8 571	10 039	8 741	11 141	11 141	11 521	12 096	12 699
Overtime		1 957	3 261	2 604	1 760	1 760	1 760	1 800	1 890	1 985
Performance Bonus		-	-	-	1 870	3 870	3 870			
Motor Vehicle Allowance	3	7 187	5 776	6 189	8 041	10 541	10 541	10 797	11 314	11 857
Cellphone Allowance	3									
Housing Allowances	3	2 554	2 367	2 269	2 800	2 800	2 800	2 269	2 269	2 269
Other benefits and allowances	3	21 367	16 529	23 522	29 387	29 987	29 987	23 522	23 522	23 522
Payments in lieu of leave		782	6 224	-	589	789	789	820	853	887
Long service awards		-	-	1 972	6 000	9 000	9 000	8 000	8 400	8 820
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		197 928	225 112	281 150	292 659	316 359	316 359	317 912	332 429	347 667
% increase	4		13,7%	24,9%	4,1%	8,1%	-	0,5%	4,6%	4,6%
Total Parent Municipality										
		223 563	249 184	308 918	329 014	354 664	354 664	357 849	375 142	392 601
			11,5%	24,0%	6,5%	7,8%	-	0,9%	4,8%	4,7%

Table 39 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

MP325 Bushbuckridge - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior manage

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		447 618	87 612	140 760			675 989
Chief Whip			419 641	83 338	131 963			634 942
Executive Mayor			559 522	110 988	191 263			861 773
Deputy Executive Mayor								-
Executive Committee			3 167 102	558 709	1 119 043			4 844 854
Total for all other councillors			10 820 854	3 027 223	3 618 036			17 466 113
Total Councillors	8	-	15 414 738	3 867 870	5 201 064			24 483 672
Senior Managers of the Municipality	5							
Municipal Manager (MM)			803 262	14 322	505 196			1 322 780
Chief Finance Officer			1 259 032	63 511	233 292			1 555 834
Director Corporate Services			609 137	11 437	406 091			1 026 665
Director Community Services			618 308	27 908	380 527			1 026 743
Director Technical Services			609 137	11 437	406 091			1 026 665
Director EDPE			576 292	57 779	384 194			1 018 265
<i>List of each official with packages >= senior manager</i>								
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	4 475 167	186 394	2 315 392	-		6 976 953

Table 40 MBRR SA24 – Summary of personnel numbers

MP325 Bushbuckridge - Supporting Table SA24 Summary of personnel numbers										
Summary of Personnel Numbers	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		74	5	69	74	5	69	74	5	69
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	9	–	9	9	–	9	9	–	9
Other Managers	7	18	14		18	14		18	14	
Professionals		27	24	5	32	29	–	32	29	–
Finance		12	12	5	17	17		17	17	
Spatial/town planning		1	1		1	1		1	1	
Information Technology		–	–		–	–		–	–	
Roads		2	2		2	2		2	2	
Electricity		2	2		2	2		2	2	
Water		7	5		7	5		7	5	
Sanitation		3	2		3	2		3	2	
Refuse										
Other										
Technicians		787	757	5	787	757	5	787	757	5
Finance		36	29	5	36	29	5	36	29	5
Spatial/town planning		10	10		10	10		10	10	
Information Technology		2	2		2	2		2	2	
Roads		5	5		5	5		5	5	
Electricity		3	3		3	3		3	3	
Water		295	272		295	272		295	272	
Sanitation		3	3		3	3		3	3	
Refuse		190	190		190	190		190	190	
Other		243	243		243	243		243	243	
Clerks (Clerical and administrative)		267	258		267	258		267	258	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	1 182	1 058	88	1 187	1 063	83	1 187	1 063	83
% increase					0,4%	0,5%	(5,7%)	–	–	–
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

2.9 Monthly targets for revenue, expenditure and cash flow

Table 41 MBRR SA25 - Budgeted monthly revenue and expenditure

MP325 Bushbuckridge - Supporting Table SA25 Budgeted monthly revenue and expenditure																
Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source																
Property rates		130 000	4 650	4 650	4 650	4 650	4 650	4 650	4 650	4 650	4 650	4 650	3 500	180 000	190 800	202 248
Property rates - penalties & collection charges													-	-	-	-
Service charges - electricity revenue													-	-	-	-
Service charges - water revenue		2 985	2 996	3 001	2 988	3 001	3 111	3 023	3 268	3 368	3 345	3 327	3 115	37 528	39 691	41 676
Service charges - sanitation revenue		269	281	271	269	271	276	283	292	287	281	254	189	3 223	3 238	3 400
Service charges - refuse revenue		423	449	503	546	495	623	501	523	559	612	623	635	6 492	6 704	7 039
Service charges - other													-	-	-	-
Rental of facilities and equipment		59	88	96	102	114	154	47	89	68	69	75	57	1 018	1 079	1 143
Interest earned - external investments		1 023	856	913	886	998	896	856	921	1 123	986	1 102	1 333	11 893	9 000	10 000
Interest earned - outstanding debtors		2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200	1 800	26 000	27 300	28 665
Dividends received													-	-	-	-
Fines		126	189	201	169	189	298	203	198	202	263	289	298	2 625	2 756	2 894
Licences and permits		1 250	1 296	1 331	1 425	1 348	1 568	1 875	1 896	1 693	1 235	1 147	1 703	17 767	18 655	19 588
Agency services		658	721	788	802	856	903	919	869	986	687	758	603	9 550	10 027	10 528
Transfers recognised - operational		347 532	5 000			135 230				165 126			-	652 888	704 063	755 121
Other revenue		258	321	398	361	372	396	501	465	432	396	358	428	4 686	4 961	5 251
Gains on disposal of PPE													525	525	551	579
Total Revenue (excluding capital transfers and grants)		486 783	19 047	14 352	14 398	149 724	15 075	15 058	15 371	180 694	14 724	14 783	14 185	954 194	1 018 826	1 088 134
Expenditure By Type																
Employee related costs		26 310	26 310	26 310	26 310	26 310	42 900	26 923	25 923	25 923	26 500	26 500	28 431	334 650	351 345	368 873
Remuneration of councillors		2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 658	31 841	34 131	35 838
Debt impairment				21 500			21 500			21 500			18 500	83 000	126 788	133 127
Depreciation & asset impairment				11 500			11 500			11 500			10 650	45 150	47 408	49 778
Finance charges		38	42	51	48	55	69	46	54	59	48	46	50	606	636	668
Bulk purchases		15 500	15 500	15 500	15 500	15 500	15 500	15 500	15 500	15 500	15 500	15 500	14 500	185 000	199 800	215 784
Other materials													44 485	44 485	49 652	52 134
Contracted services		1 895	2 375	2 985	2 565	2 895	3 107	3 542	3 685	3 895	3 214	3 652	3 249	37 059	40 995	43 032
Transfers and grants		895	923	1 014	947	965	1 002	875	765	998	1 014	1 124	598	11 120	12 587	13 217
Other expenditure		3 897	4 125	5 897	6 875	6 001	5 542	6 541	6 332	4 897	4 665	3 698	3 593	62 063	68 532	75 394
Loss on disposal of PPE													-	-	-	-
Total Expenditure		51 188	51 928	87 410	54 898	54 379	103 773	56 080	54 912	86 925	53 594	53 173	126 715	834 975	931 873	987 846
Surplus/(Deficit)		435 595	(32 881)	(73 058)	(40 500)	95 345	(88 698)	(41 022)	(39 541)	93 769	(38 870)	(38 390)	(112 530)	119 219	86 953	100 288
Transfers recognised - capital		235 000				263 000				157 073			-	655 073	475 085	585 315
Contributions recognised - capital													-	-	-	-
Contributed assets													-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		670 595	(32 881)	(73 058)	(40 500)	358 345	(88 698)	(41 022)	(39 541)	250 842	(38 870)	(38 390)	(112 530)	774 292	562 038	685 602
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	670 595	(32 881)	(73 058)	(40 500)	358 345	(88 698)	(41 022)	(39 541)	250 842	(38 870)	(38 390)	(112 530)	774 292	562 038	685 602

Table 42 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

MP325 Bushbuckridge - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)																
Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year	Budget Year +1	Budget Year +2
Revenue by Vote																
Vote 1 - Dept 001 - Budget & Treasury Office		347 532	8 932	6 471	6 631	213 500	5 985	5 105	5 236	253 021	5 263	5 119	4 815	867 610	931 803	996 706
Vote 2 - Dept 002 - Corporate Services		258	312	363	341	412	389	421	412	369	402	369	326	4 374	4 636	4 915
Vote 3 - Dept 005 - Economic Development, Planning & Infrastructure		49	69	89	111	69	89	93	89	75	102	119	46	1 000	735	772
Vote 4 - Dept 006 - Community Support Services		2	2	2	2	2	2	2	2	2	2	2	2	22	23	24
Vote 5 - Dept 008 - Office of the Municipal Manager													-	-	-	-
Vote 6 - Dept 009 - Office of the Speaker													-	-	-	-
Vote 7 - Dept 010 - Office of the Mayor													-	-	-	-
Vote 8 - Dept 013 - Community Support Services - Transport		1 985	2 102	2 212	2 013	2 145	2 654	2 654	2 789	2 985	2 885	2 658	2 159	29 241	30 703	32 239
Vote 9 - Dept 014 - Municipal Works - Public Works		689	721	889	956	1 021	875	756	712	702	695	615	685	9 316	6 562	10 590
Vote 10 - Dept 015 - Municipal Works - Water		125 000	3 268	3 347	3 654	127 000	2 458	2 211	1 985	61 500	1 632	1 785	1 408	335 248	128 797	213 687
Vote 11 - Det 016 - Municipal Works - Roads													-	-	-	-
Vote 12 - Dept 017 - Municipal Works - Refuse		512	536	569	587	598	689	502	501	513	502	469	514	6 492	6 704	7 039
Vote 13 - Dept 018 - Municipal Works - Sewerage		287	292	269	298	365	269	243	204	219	269	247	261	3 223	3 238	3 400
Vote 14 - Dapt 020 - Municipal Works - PMU		137 500				147 000				74 273			-	358 773	387 035	410 712
0													-	-	-	-
Total Revenue by Vote		613 814	16 234	14 211	14 593	492 112	13 410	11 987	11 930	393 659	11 752	11 383	10 216	1 615 299	1 500 238	1 680 084
Expenditure by Vote to be appropriated																
Vote 1 - Dept 001 - Budget & Treasury Office		698	1 023	22 357	2 105	1 023	23 102	2 365	2 231	21 007	2 135	2 235	23 513	103 794	150 704	158 014
Vote 2 - Dept 002 - Corporate Services		29 000	29 872	30 001	29 875	29 887	46 015	31 201	29 863	29 786	29 663	29 236	34 225	378 624	397 595	417 435
Vote 3 - Dept 005 - Economic Development, Planning & Infrastructure		698	895	963	1 012	1 125	1 236	1 024	1 136	1 028	1 236	895	903	12 151	12 398	15 446
Vote 4 - Dept 006 - Community Support Services		2 898	3 102	3 564	3 789	4 102	4 025	3 985	3 874	3 687	3 542	2 987	2 962	42 517	46 456	48 958
Vote 5 - Dept 008 - Office of the Municipal Manager		458	513	698	721	458	987	547	412	490	512	613	541	6 950	7 297	7 662
Vote 6 - Dept 009 - Office of the Speaker		2 741	2 787	2 763	2 796	2 785	2 775	2 787	2 774	2 876	2 884	2 876	2 797	33 641	36 021	37 822
Vote 7 - Dept 010 - Office of the Mayor		126	165	102	92	135	98	102	136	101	111	102	154	1 424	1 495	1 570
Vote 8 - Dept 013 - Community Support Services - Transport		458	469	568	658	754	756	587	487	687	598	654	625	7 301	8 885	10 146
Vote 9 - Dept 014 - Municipal Works - Public Works		689	842	15 217	456	447	16 214	468	478	16 541	465	412	14 763	66 992	72 318	75 934
Vote 10 - Dept 015 - Municipal Works - Water		16 689	16 697	16 896	16 748	16 447	16 699	16 474	17 251	16 785	16 633	16 987	18 928	203 234	220 536	237 556
Vote 11 - Det 016 - Municipal Works - Roads		689	712	789	763	812	826	812	801	811	819	912	1 189	9 935	10 432	10 953
Vote 12 - Dept 017 - Municipal Works - Refuse		68	71	89	111	124	145	144	89	78	124	89	175	1 307	1 372	1 441
Vote 13 - Dept 018 - Municipal Works - Sewerage		458	479	547	635	478	687	692	542	477	463	421	567	6 446	6 768	7 107
Vote 14 - Dapt 020 - Municipal Works - PMU													-	-	-	-
0													-	-	-	-
Total Expenditure by Vote		55 670	57 627	94 554	59 761	58 577	113 565	61 188	60 074	94 354	59 185	58 419	101 342	874 316	972 278	1 030 046
Surplus/(Deficit) before assoc.		558 144	(41 393)	(80 343)	(45 168)	433 535	(100 155)	(49 201)	(48 144)	299 305	(47 433)	(47 036)	(91 126)	740 983	527 959	650 038
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	558 144	(41 393)	(80 343)	(45 168)	433 535	(100 155)	(49 201)	(48 144)	299 305	(47 433)	(47 036)	(91 126)	740 983	527 959	650 038

Table 43 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

MP325 Bushbuckridge - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)																	
Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Revenue - Standard																	
Governance and administration		347 532	8 932	6 471	6 631	213 500	5 985	5 105	5 236	253 021	5 263	5 119	371 451	1 234 246	1 323 165	1 412 005	
Executive and council													-	-	-	-	
Budget and treasury office		347 532	8 932	6 471	6 631	213 500	5 985	5 105	5 236	253 021	5 263	5 119	363 588	1 226 383	1 318 838	1 407 418	
Corporate services													7 863	7 863	4 328	4 587	
Community and public safety		514	538	571	589	600	691	504	503	515	504	471	(2 524)	3 474	3 651	3 836	
Community and social services		2	2	2	2	2	2	2	2	2	2	2	124	144	152	161	
Sport and recreation													170	170	180	191	
Public safety		512	536	569	587	598	689	502	501	513	502	469	(3 353)	2 625	2 756	2 894	
Housing													536	536	562	590	
Health													-	-	-	-	
Economic and environmental services		2 034	2 171	2 301	2 124	2 214	2 743	2 747	2 878	3 060	2 987	2 777	(420)	27 616	28 682	30 116	
Planning and development		49	69	89	111	69	89	93	89	75	102	119	46	1 000	735	772	
Road transport		1 985	2 102	2 212	2 013	2 145	2 654	2 654	2 789	2 985	2 885	2 658	(466)	26 616	27 947	29 344	
Environmental protection																	
Trading services		125 799	4 096	4 185	4 539	127 963	3 416	2 956	2 690	62 232	2 403	2 501	7 183	349 963	144 740	234 127	
Electricity													5 000	5 000	6 000	10 000	
Water		125 000	3 268	3 347	3 654	127 000	2 458	2 211	1 985	61 500	1 632	1 785	1 408	335 248	128 797	213 687	
Waste water management		287	292	269	298	365	269	243	204	219	269	247	261	3 223	3 238	3 400	
Waste management		512	536	569	587	598	689	502	501	513	502	469	514	6 492	6 704	7 039	
Other													-	-	-	-	
Total Revenue - Standard		475 879	15 737	13 528	13 883	344 277	12 835	11 312	11 307	318 828	11 157	10 868	375 690	1 615 299	1 500 238	1 680 084	
Expenditure - Standard																	
Governance and administration		32 565	33 847	55 223	34 868	33 830	71 990	36 455	35 004	53 770	34 793	34 449	113 795	570 589	641 576	673 390	
Executive and council		2 867	2 952	2 865	2 888	2 920	2 873	2 889	2 910	2 977	2 995	2 978	9 901	42 015	44 813	47 054	
Budget and treasury office		698	1 023	22 357	2 105	1 023	23 102	2 365	2 231	21 007	2 135	2 235	68 663	148 944	198 111	207 792	
Corporate services		29 000	29 872	30 001	29 875	29 887	46 015	31 201	29 863	29 786	29 663	29 236	35 231	379 630	398 651	418 544	
Community and public safety		4 048	4 177	4 719	4 954	5 339	5 193	5 374	5 037	5 040	4 859	4 145	3 983	56 868	64 267	68 476	
Community and social services		2 898	3 102	3 564	3 789	4 102	4 025	3 985	3 874	3 687	3 542	2 895	2 893	42 356	46 935	49 460	
Sport and recreation				65		48		96	111		65		15	400	420	441	
Public safety		912	863	778	796	802	756	887	698	875	856	896	794	9 913	11 662	13 062	
Housing		238	212	312	369	387	412	406	354	478	396	354	282	4 200	5 250	5 513	
Health													-	-	-	-	
Economic and environmental services		1 387	1 607	1 752	1 775	1 937	2 062	1 836	1 937	1 839	2 055	1 807	2 092	22 086	22 830	26 399	
Planning and development		698	895	963	1 012	1 125	1 236	1 024	1 136	1 028	1 236	895	903	12 151	12 398	15 446	
Road transport		689	712	789	763	812	826	812	801	811	819	912	1 189	9 935	10 432	10 953	
Environmental protection													-	-	-	-	
Trading services		18 111	18 059	18 495	18 415	18 070	18 633	18 297	19 007	18 605	18 455	19 151	21 475	224 773	243 606	261 780	
Electricity		896	812	963	921	1 021	1 102	987	1 125	1 265	1 235	1 654	1 805	13 786	14 930	15 676	
Water		16 689	16 697	16 896	16 748	16 447	16 699	16 474	17 251	16 785	16 633	16 987	18 928	203 234	220 536	237 556	
Waste water management		458	479	547	635	478	687	692	542	477	463	421	567	6 446	6 768	7 107	
Waste management		68	71	89	111	124	145	144	89	78	124	89	175	1 307	1 372	1 441	
Other													-	-	-	-	
Total Expenditure - Standard		56 111	57 690	80 189	60 012	59 176	97 878	61 962	60 985	79 254	60 162	59 552	141 345	874 316	972 278	1 030 046	
Surplus/(Deficit) before assoc.		419 768	(41 953)	(66 661)	(46 129)	285 101	(85 043)	(50 650)	(49 678)	239 574	(49 005)	(48 684)	234 345	740 983	527 959	650 038	
Share of surplus/ (deficit) of associate													-	-	-	-	
Surplus/(Deficit)	1	419 768	(41 953)	(66 661)	(46 129)	285 101	(85 043)	(50 650)	(49 678)	239 574	(49 005)	(48 684)	234 345	740 983	527 959	650 038	

Table 44 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

MP325 Bushbuckridge - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)																
Description	Ref	Budget Year 2016/17												Medium Term Revenue and		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year	Budget Year +1	Budget Year +2
Multi-year expenditure to be appropriated	1															
Vote 1 - Dept 001 - Budget & Treasury Office													-	-	-	-
Vote 2 - Dept 002 - Corporate Services		1 546	1 863	1 425	1 124	1 169	1 325	1 654	1 658	1 985	1 578	1 985	1 938	19 250	25 000	25 000
Vote 3 - Dept 005 - Economic Development, Planning & Infrastructure		1 658	1 758	1 986	2 010	2 123	2 451	1 985	1 986	1 984	2 145	2 136	1 728	23 950	53 100	22 000
Vote 4 - Dept 006- Community Support Services				334	416								-	750	27 609	15 109
Vote 5 - Dept 008 - Office of the Municipal Manager													-	-	-	-
Vote 6 - Dept 009 - Office of the Speaker													-	-	-	-
Vote 7 - Dept 010 - Office of the Mayor													-	-	-	-
Vote 8 - Dept 013 - Community Support Services - Traffic													-	-	-	-
Vote 9 - Dept 014 - Municipal Works - Public Works		236	235	469	478	423	515	414	369	412	478	456	515	5 000	-	-
Vote 10 - Dept 015 - Municipal Works - Water		36 524	38 966	38 963	38 774	42 015	43 654	44 512	47 856	49 687	51 254	47 254	32 104	511 563	863 500	58 000
Vote 11 - Det 016 - Municipal Works - Roads		3 589	4 521	6 987	7 854	5 687	5 696	6 542	6 987	6 647	6 987	6 547	7 026	75 070	202 600	181 600
Vote 12 - Dept 017 - Municipal Works - Refuse		316	336	369	412	417	398	299	412	436	417	444	244	4 500	4 500	4 200
Vote 13 - Dept 018 - Municipal Works - Sewerage		4 875	4 478	4 698	4 478	5 265	5 698	6 102	6 147	5 568	4 578	4 102	4 211	60 200	108 500	7 500
Vote 14 - Dapt 020 - Municipal Works - PMU		2 658	6 987	1 254	4 785	6 987	1 985	2 001	2 689	2 895	2 689	3 215	2 555	40 700	52 500	16 000
0													-	-	-	-
Capital multi-year expenditure sub-total	2	51 402	59 144	56 485	60 331	64 086	61 722	63 509	68 104	69 614	70 126	66 139	50 321	740 983	1 337 309	329 409
Total Capital Expenditure	2	51 402	59 144	56 485	60 331	64 086	61 722	63 509	68 104	69 614	70 126	66 139	50 321	740 983	1 337 309	329 409

Table 45 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

MP325 Bushbuckridge - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)																
Description	Ref	Budget Year 2016/17												Medium Term Revenue and		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year	Budget Year +1	Budget Year +2
Capital Expenditure - Standard	1															
Governance and administration		1 546	1 863	1 425	1 124	1 169	1 325	1 654	1 658	1 985	1 578	1 985	1 938	19 250	25 000	25 000
Executive and council													–	–	–	–
Budget and treasury office													–	–	–	–
Corporate services		1 546	1 863	1 425	1 124	1 169	1 325	1 654	1 658	1 985	1 578	1 985	1 938	19 250	25 000	25 000
Community and public safety		390	1 037	1 753	1 561	1 623	2 128	1 979	2 764	2 134	2 024	1 999	2 058	21 450	80 109	31 109
Community and social services		–	–	334	416	–	–	–	–	–	–	–	–	750	27 609	15 109
Sport and recreation		321	698	785	458	547	663	1 254	895	965	1 012	854	748	9 200	39 000	16 000
Public safety		69	150	169		201	263	369	412	167			–	1 800	–	–
Housing			189	465	687	875	1 202	356	1 457	1 002	1 012	1 145	1 310	9 700	13 500	–
Health													–	–	–	–
Economic and environmental services		5 247	6 279	8 973	9 864	7 810	8 147	8 527	8 973	8 631	9 132	8 683	8 754	99 020	255 700	203 600
Planning and development		1 658	1 758	1 986	2 010	2 123	2 451	1 985	1 986	1 984	2 145	2 136	1 728	23 950	53 100	22 000
Road transport		3 589	4 521	6 987	7 854	5 687	5 696	6 542	6 987	6 647	6 987	6 547	7 026	75 070	202 600	181 600
Environmental protection													–	–	–	–
Trading services		41 715	43 780	44 030	43 664	47 697	49 750	50 913	54 415	55 691	56 249	51 800	61 559	601 263	976 500	69 700
Electricity													25 000	25 000	–	–
Water		36 524	38 966	38 963	38 774	42 015	43 654	44 512	47 856	49 687	51 254	47 254	32 104	511 563	863 500	58 000
Waste water management		4 875	4 478	4 698	4 478	5 265	5 698	6 102	6 147	5 568	4 578	4 102	4 211	60 200	108 500	7 500
Waste management		316	336	369	412	417	398	299	412	436	417	444	244	4 500	4 500	4 200
Other													–	–	–	–
Total Capital Expenditure -	2	48 898	52 959	56 181	56 213	58 299	61 350	63 073	67 810	68 441	68 983	64 467	74 309	740 983	1 337 309	329 409
Funded by:																
National Government		235 000	–	–	–	263 000	–	–	–	157 073	–	–	–	655 073	475 085	585 315
Provincial Government													–	–	–	–
District Municipality													–	–	–	–
Other transfers and grants													85 910	85 910	862 224	(255 905)
Transfers recognised - capital		235 000	–	–	–	263 000	–	–	–	157 073	–	–	85 910	740 983	1 337 309	329 409
Public contributions & donations													–	–	–	–
Borrowing													–	–	–	–
Internally generated funds													–	–	–	–
Total Capital Funding		235 000	–	–	–	263 000	–	–	–	157 073	–	–	85 910	740 983	1 337 309	329 409

Table 46 MBRR SA30 - Budgeted monthly cash flow

MP325 Bushbuckridge - Supporting Table SA30 Budgeted monthly cash flow															
MONTHLY CASH FLOWS		Budget Year 2016/17												Medium Term Revenue and	
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Receipts By Source													1		
Property rates	39 000	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 050	54 000	57 240	60 675
Property rates - penalties & collection charges												-	-	-	-
Service charges - electricity revenue												-	-	-	-
Service charges - water revenue	1 045	1 049	1 050	1 046	1 050	1 089	1 058	1 144	1 179	1 171	1 164	1 090	13 135	13 892	14 587
Service charges - sanitation revenue	81	84	81	81	81	83	85	88	86	84	76	57	967	972	1 020
Service charges - refuse revenue	127	135	151	164	149	187	150	157	168	184	187	190	1 948	2 011	2 112
Service charges - other												-	-	-	-
Rental of facilities and equipment	59	88	96	102	114	154	47	89	68	69	75	57	1 018	1 079	1 143
Interest earned - external investments	1 023	856	913	886	998	896	856	921	1 123	986	1 102	1 333	11 893	9 000	10 000
Interest earned - outstanding debtors	330	330	330	330	330	330	330	330	330	330	330	270	3 900	4 095	4 300
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	126	189	201	169	189	298	203	198	202	263	289	298	2 625	2 756	2 894
Licences and permits	1 250	1 296	1 331	1 425	1 348	1 568	1 875	1 896	1 693	1 235	1 147	1 703	17 767	18 655	19 588
Agency services	658	721	788	802	856	903	919	869	986	687	758	603	9 550	10 027	10 528
Transfer receipts - operational	347 532	5 000	-	-	135 230	-	-	-	165 126	-	-	-	652 888	704 063	755 121
Other revenue	258	321	398	361	372	396	501	465	432	396	358	428	4 686	4 961	5 251
Cash Receipts by Source	391 488	11 464	6 735	6 760	142 112	7 299	7 419	7 551	172 788	6 800	6 882	7 078	774 375	828 750	887 219
Other Cash Flows by Source															
Transfer receipts - capital	235 000	-	-	-	263 000	-	-	-	157 073	-	-	-	655 073	475 085	585 315
Contributions recognised - capital & Contributed assets												-			
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	525	525	551	579
Short term loans												-			
Borrowing long term/refinancing												-			
Increase (decrease) in consumer deposits												-			
Decrease (Increase) in non-current debtors												-			
Decrease (increase) other non-current receivables												-			
Decrease (increase) in non-current investments												-			
Total Cash Receipts by Source	626 488	11 464	6 735	6 760	405 112	7 299	7 419	7 551	329 861	6 800	6 882	7 603	1 429 973	1 304 387	1 473 112

MP325 Bushbuckridge - Supporting Table SA30 Budgeted monthly cash flow																
MONTHLY CASH FLOWS		Budget Year 2016/17												Medium Term Revenue and		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Cash Payments by Type																
Employee related costs	26 310	26 310	26 310	26 310	26 310	42 900	26 923	25 923	25 923	26 500	26 500	28 431	334 650	351 345	368 873	
Remuneration of councillors	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 658	31 841	34 131	35 838	
Finance charges	38	42	51	48	55	69	46	54	59	48	46	50	606	636	668	
Bulk purchases - Electricity												-				
Bulk purchases - Water & Sewer	15 500	15 500	15 500	15 500	15 500	15 500	15 500	15 500	15 500	15 500	15 500	14 500	185 000	199 800	215 784	
Other materials	-	-	-	-	-	-	-	-	-	-	-	44 485	44 485	49 652	52 134	
Contracted services	1 895	2 375	2 985	2 565	2 895	3 107	3 542	3 685	3 895	3 214	3 652	3 249	37 059	40 995	43 032	
Transfers and grants - other municipalities												-				
Transfers and grants - other	895	923	1 014	947	965	1 002	875	765	998	1 014	1 124	598	11 120	12 587	13 217	
Other expenditure	3 897	4 125	5 897	6 875	6 001	5 542	6 541	6 332	4 897	4 665	3 698	3 593	62 063	68 532	75 394	
Cash Payments by Type	51 188	51 928	54 410	54 898	54 379	70 773	56 080	54 912	53 925	53 594	53 173	97 565	706 825	757 678	804 940	
Other Cash Flows/Payments by Type																
Capital assets	51 402	59 144	56 485	60 331	64 086	61 722	63 509	68 104	69 614	70 126	66 139	(23 778)	666 884	1 203 578	296 468	
Repayment of borrowing												-				
Other Cash Flows/Payments												-				
Total Cash Payments by Type	102 590	111 072	110 895	115 229	118 465	132 495	119 589	123 016	123 539	123 720	119 312	73 787	1 373 709	1 961 256	1 101 408	
NET INCREASE/(DECREASE) IN CASH HELD	523 898	(99 608)	(104 160)	(108 469)	286 647	(125 196)	(112 170)	(115 465)	206 322	(116 920)	(112 430)	(66 184)	56 264	(656 869)	371 703	
Cash/cash equivalents at the month/year begin:	125 000	648 898	549 290	445 130	336 661	623 308	498 112	385 942	270 477	476 799	359 878	247 448	125 000	181 264	(475 605)	
Cash/cash equivalents at the month/year end:	648 898	549 290	445 130	336 661	623 308	498 112	385 942	270 477	476 799	359 878	247 448	181 264	181 264	(475 605)	(103 902)	

2.10 Annual budgets and SDBIPs – internal departments

2.10.1 Water Services Department – Vote 14

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network, maintenance of boreholes, installation of water meters and implementation of the departmental capital programme. Currently the Water services Department is operating at a loss, as we compare the water revenue billing and water operational expenditures. The difference between water sales and bulk water purchase from Rand Water shows a huge difference.

Table 47 Water Services Department - operating revenue by source, operational expenditure and capital expenditure

MP325 Bushbuckridge - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A										
Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	1									
Vote 10 - Dept 015 - Municipal Works - Water 0		30 360	36 903	26 877	42 401	59 342	59 342	44 248	46 747	49 085
Water sales Residential		8	2	9	9 784	9 784	9 784	10 000	10 787	11 327
Water Sales Government					-	-	-			
Fixed Charge Residential					6 400	6 400	6 400	6 720	7 056	7 409
Water Rebate 6KL Free		(366)	(496)	(440)	(564)	(564)	(564)	(593)	(622)	(653)
Water Consumption Business		20 854	26 561	24 175	25 213	25 213	25 213	26 474	27 798	29 188
Water Connection Business		1 060	17	11	1 317	1 317	1 317	1 383	1 452	1 525
Water Connection Resident		96	81	55	223	223	223	234	246	258
Water Services Operating Services Grant		8 680	10 728	3 059		16 941	16 941			
Reconnection Fee		28	10	9	24	24	24	25	26	28
Meter Maintenance		1	1		4	4	4	4	4	4
#REF!							-			
Total Revenue by Vote	2	30 360	36 903	26 877	42 401	59 342	59 342	44 248	46 747	49 085
Expenditure by Vote	1									
Vote 10 - Dept 015 - Municipal Works - Water		174 823	228 937	227 914	190 533	216 374	216 374	203 234	220 536	237 556
Infrastructure Boreholes		15 218	33 425	7 529	9 900	16 900	16 900	7 500	8 925	9 371
Infrastructure Water Reticulation		389	302	1 611	1 244	2 744	2 744	2 881	3 025	3 177
DWAF Refurbishment		9 532	40 668	5 590		16 941	16 941			
DWAF Maintenance Repa				1 045	-	-	-			
Bulk Water Purchase		123 289	133 067	208 977	171 820	171 820	171 820	185 000	199 800	215 784
Stores and Materials		379	185	192	178	978	978	1 027	1 078	1 132
Equipment and Loose Tools		1 006	198	348	238	238	238	249	262	275
Free Basic Water		24 589	19 273	1 696	3 850	2 350	2 350	2 100	2 591	2 720
Transfer to BBR Water Boa					-	-	-	-	-	-
Development of Policies					-	-	-	-	-	-
Water quality management		1	1 456	4	808	408	408	428	450	472
Linking of bulk water Reticulation					-	-	-	-	-	-
Water Fleet Services		419		564	-	-	-	-	-	-
Reticulation Infrastructure Maintenance					-	-	-	-	-	-
Maintenance & Repairs of WTW			364	202	713	713	713	748	786	825
Maintenance & Repairs of Water Sewerage Works				155	1 782	3 282	3 282	3 300	3 618	3 799
Total Expenditure by Vote	2	174 823	228 937	227 914	190 533	216 374	216 374	203 234	220 536	237 556
Surplus/(Deficit) for the year	2	(144 463)	(192 034)	(201 037)	(148 131)	(157 031)	(157 031)	(158 987)	(173 788)	(188 472)

NOTE: All other expenditure, have been centralised under responsible directorates.

Water Services also consists of staff that were seconded to the municipality by Department of Water Affairs (DWA). There is currently few unfilled positions in the top management structure of the Water Services Department. The top management structure will consist of the Managers followed by lower posts. As part of the performance objectives for the 2016/17 financial year, the expansion of the functional water demand management unit will require an amendment to the departmental organogram and the subsequent filling of vacancies.

Capital Allocations in terms of DoRA for 2016/17

Significant capital projects to be undertaken over the medium term includes, amongst others:

- Water treatment works – R 4 million;
- Bulk supply and backlog eradication of water – R 67.3 million;
- Water reticulation and meter connections – R 150 million

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance of R23 million, R38 million and R45 million in each of the respective financial years of the MTREF.

The departmental revenue base is primarily informed by the sale of water of which budget appropriation for the 2013/14 financial year is R33 million and will be informed by a collection rate of 30 per cent and distribution losses of 20 per cent.

The reduction of distribution losses is considered a priority and hence the departmental objectives and targets provide for a 1 per cent efficiency gain per annum.

2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 48 MBRR SA 34a - Capital expenditure on new assets by asset class

MP325 Bushbuckridge - Supporting Table SA34a Capital expenditure on new assets by asset class										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term	Revenue &	
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		188 679	383 090	290 028	356 950	397 182	397 182	668 583	1 170 100	239 600
Infrastructure - Road transport		37 654	145 094	110 856	110 500	102 991	102 991	75 070	202 600	181 600
Roads, Pavements & Bridges		37 654	145 094	110 856	110 500	102 991	102 991	75 070	202 600	181 600
Storm water										
Infrastructure - Electricity		9 241	17 013	3 313	17 200	19 338	19 338	25 000	-	-
Generation										
Transmission & Reticulation		9 241	7 540		7 200	9 780	9 780	5 000	-	-
Street Lighting		-	9 473	3 313	10 000	9 558	9 558	20 000	-	-
Infrastructure - Water		115 371	187 681	152 835	196 550	260 953	260 953	508 313	859 000	50 500
Dams & Reservoirs		110 293	93 210		39 800	39 800	39 800			
Water purification										
Reticulation		5 078	94 471	152 835	156 750	221 153	221 153	508 313	859 000	50 500
Infrastructure - Sanitation		26 413	33 302	18 267	31 500	13 000	13 000	60 200	108 500	7 500
Reticulation										
Sewerage purification		26 413	33 302	18 267	31 500	13 000	13 000	60 200	108 500	7 500
Infrastructure - Other		-	-	4 756	1 200	900	900	-	-	-
Waste Management					600	300	300	-	-	-
Transportation	2									
Gas										
Other	3			4 756	600	600	600			
Community		7 475	11 465	11 086	8 500	1 603	1 603	3 200	46 000	18 500
Parks & gardens		-	-		3 500			-	6 500	2 500
Sportsfields & stadia		6 211	1 675	4 706	5 000	1 603	1 603	3 200	39 000	16 000
Swimming pools										
Community halls		-	-							
Libraries										
Recreational facilities										
Fire, safety & emergency		-	-							
Security and policing										
Quotas										
Clinics										
Museums & Art Galleries										
Cemeteries		1 264	9 790		-			-	500	-
Social rental housing	8									
Other				6 380						
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		1 127	10 849	7 458	98 965	83 865	83 865	41 600	47 450	30 200
General vehicles		623	1 130	2 206	5 000	5 000	5 000	3 000	1 500	1 500
Specialised vehicles	10	-	496	3 815	10 500	9 600	9 600	6 300	4 500	4 200
Plant & equipment		4 093	6 200		42 100	39 100	39 100	6 500	-	-
Computers - hardware/equipment		-	410		800	600	600	1 000	500	500
Furniture and other office equipment		463	194	1 437	1 900	1 200	1 200	1 350	1 500	1 500
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings		42	-		12 100	5 100	5 100	14 200	28 500	15 000
Other Land		6 146	4 526		22 165	19 865	19 865	9 250	10 950	7 500
Surplus Assets - (Investment or Inventory)										
Other		(10 241)	(2 107)		4 400	3 400	3 400			
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on new assets	1	197 281	405 404	308 571	464 415	482 650	482 650	713 383	1 263 550	288 300
Specialised vehicles		-	496	3 815	10 500	9 600	9 600	6 300	4 500	4 200

Table 49 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

NONE

Table 50 MBRR SA34c - Repairs and maintenance expenditure by asset class

MP325 Bushbuckridge - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		34 099	80 458	20 827	29 170	40 970	40 970	32 627	35 462	37 235
Infrastructure - Road transport		5 769	3 707	3 742	8 462	9 462	9 462	9 935	10 432	10 953
Roads, Pavements & Bridges		5 769	3 707	3 742	8 462	9 462	9 462	9 935	10 432	10 953
Storm water										
Infrastructure - Electricity		2	202	116	653	653	653	686	720	756
Generation										
Transmission & Reticulation										
Street Lighting		2	202	116	653	653	653	686	720	756
Infrastructure - Water		26 525	75 142	11 083	14 055	24 855	24 855	15 706	17 695	18 580
Dams & Reservoirs										
Water purification										
Reticulation		26 525	75 142	11 083	14 055	24 855	24 855	15 706	17 695	18 580
Infrastructure - Sanitation		1 804	1 407	5 886	6 000	6 000	6 000	6 300	6 615	6 946
Reticulation										
Sewerage purification		1 804	1 407	5 886	6 000	6 000	6 000	6 300	6 615	6 946
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation	2									
Gas										
Other	3									
Community		127	1 720	990	2 973	2 973	2 973	3 793	4 665	4 898
Parks & gardens										
Sportsfields & stadia		36	79	1	356	356	356	400	420	441
Swimming pools										
Community halls		65	1 532	752	2 100	2 100	2 100	2 850	3 675	3 859
Libraries										
Recreational facilities										
Fire, safety & emergency		26	110	237	517	517	517	543	570	598
Security and policing										
Buildings										
Gravestones										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other										
Heritage assets										
Buildings										
Other										
Investment properties										
Residential development										
Other										
Other assets		5 074	6 349	6 224	7 405	7 405	7 405	8 065	9 525	10 001
General vehicles		947	710	621	1 300	1 300	1 300	1 365	1 433	1 505
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment		2 974	2 297	804	2 255	2 255	2 255	2 500	2 841	2 983
Computers - hardware/equipment		-	1 200							
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings		1 152	2 142	4 799	3 850	3 850	3 850	4 200	5 250	5 513
Other Land										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Repairs and Maintenance	1	39 300	88 528	28 642	39 140	51 348	51 348	44 485	49 652	52 134

March 2016

Draft Budget for 2016/17

102

Table 51 MBRR SA35 - Future financial implications of the capital budget

MP325 Bushbuckridge - Supporting Table SA35 Future financial implications of the capital budget								
Vote Description	Ref	2016/17 Medium Term Revenue &			Forecasts			
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
R thousand								
Capital expenditure	1							
Vote 1 - Dept 001 - Budget & Treasury Office		–	–	–				
Vote 2 - Dept 002 - Corporate Services		19 250	25 000	25 000	26 500	28 090	29 775	31 562
Vote 3 - Dept 005 - Economic Development, Planning & Infrastructure		23 950	53 100	22 000	23 320	24 719	26 202	27 774
Vote 4 - Dept 006- Community Support Services		750	27 609	15 109	16 016	16 976	17 995	19 075
Vote 5 - Dept 008 - Office of the Municipal Manager		–	–	–	–	–	–	–
Vote 6 - Dept 009 - Office of the Speaker		–	–	–	–	–	–	–
Vote 7 - Dept 010 - Office of the Mayor		–	–	–	–	–	–	–
Vote 8 - Dept 013 - Community Support Services - Trade & Consumer Protection		–	–	–	–	–	–	–
Vote 9 - Dept 014 - Municipal Works - Public Works		5 000	–	–	–	–	–	–
Vote 10 - Dept 015 - Municipal Works - Water		511 563	863 500	58 000	61 480	65 169	69 079	73 224
Vote 11 - Dept 016 - Municipal Works - Roads		75 070	202 600	181 600	192 496	204 046	216 289	229 266
Vote 12 - Dept 017 - Municipal Works - Refuse		4 500	4 500	4 200	4 452	4 719	5 002	5 302
Vote 13 - Dept 018 - Municipal Works - Sewerage		60 200	108 500	7 500	7 950	8 427	8 933	9 469
Vote 14 - Dept 020 - Municipal Works - PMU		40 700	52 500	16 000	16 960	17 978	19 056	20 200
0		–	–	–				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		740 983	1 337 309	329 409	349 174	370 124	392 331	415 871
Future operational costs by vote	2							
Vote 1 - Dept 001 - Budget & Treasury Office		103 794	150 704	158 014	167 495	177 545	188 197	199 489
Vote 2 - Dept 002 - Corporate Services		378 624	397 595	417 435	442 482	469 030	497 172	527 003
Vote 3 - Dept 005 - Economic Development, Planning & Infrastructure		12 151	12 398	15 446	16 373	17 355	18 396	19 500
Vote 4 - Dept 006- Community Support Services		42 517	46 456	48 958	51 896	55 009	58 310	61 808
Vote 5 - Dept 008 - Office of the Municipal Manager		6 950	7 297	7 662	8 122	8 609	9 125	9 673
Vote 6 - Dept 009 - Office of the Speaker		33 641	36 021	37 822	40 091	42 497	45 047	47 750
Vote 7 - Dept 010 - Office of the Mayor		1 424	1 495	1 570	1 664	1 764	1 870	1 982
Vote 8 - Dept 013 - Community Support Services - Trade & Consumer Protection		7 301	8 885	10 146	10 755	11 400	12 084	12 809
Vote 9 - Dept 014 - Municipal Works - Public Works		66 992	72 318	75 934	80 490	85 320	90 439	95 865
Vote 10 - Dept 015 - Municipal Works - Water		203 234	220 536	237 556	251 810	266 918	282 934	299 910
Vote 11 - Dept 016 - Municipal Works - Roads		9 935	10 432	10 953	11 611	12 307	13 046	13 828
Vote 12 - Dept 017 - Municipal Works - Refuse		1 307	1 372	1 441	1 527	1 619	1 716	1 819
Vote 13 - Dept 018 - Municipal Works - Sewerage		6 446	6 768	7 107	7 533	7 985	8 464	8 972
Vote 14 - Dept 020 - Municipal Works - PMU		–	–	–	–	–	–	–
0								
<i>List entity summary if applicable</i>								
Total future operational costs		874 316	972 278	1 030 046	1 091 849	1 157 359	1 226 801	1 300 409
Future revenue by source	3							
Property rates		237 921	55 801	160 250	169 865	180 057	190 860	202 312
Property rates - penalties & collection charges		–	–	–	–	–	–	–
Service charges - electricity revenue		–	–	–	–	–	–	–
Service charges - water revenue		21 680	21 680	26 877	28 490	30 199	32 011	33 932
Service charges - sanitation revenue		2 547	2 284	3 052	3 235	3 429	3 635	3 853
Service charges - refuse revenue		4 488	4 391	5 865	6 217	6 590	6 986	7 405
Service charges - other		3 333	977	–	–	–	–	–
Rental of facilities and equipment		433	332	781	828	878	931	986
<i>List other revenues sources if applicable</i>		19 750	21 390	27 685	29 346	31 107	32 973	34 952
<i>List entity summary if applicable</i>								
Total future revenue		290 152	106 855	224 510	237 981	252 260	267 396	283 439
Net Financial Implications		1 325 146	2 202 732	1 134 944	1 203 041	1 275 223	1 351 737	1 432 841

Table 52 MBRR SA36 - Detailed capital budget per municipal vote

MP325 Bushbuckridge - Supporting Table SA36 Detailed capital budget														
Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	4				6	3	3	5		Audited Outcome 2014/15	Current Year 2015/16 Full Year	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Parent municipality:														
List all capital projects grouped by Municipal Vote														
Vote 1 - Dept 001 - Budget & Treasury Office					Yes									
Vote 2 - Dept 002 - Corporate Services		Vehicles, Equipment, Furniture			Yes	Other Assets	Furniture and other office equipment		75 000	3 643	11 300	19 250	25 000	25 000
Vote 3 - Dept 005 - Economic Development		Land Tenure / Formalisation			Yes	Infrastructure - Other	Other Land		66 000	4 756	19 865	23 950	53 100	22 000
Vote 4 - Dept 006 - Community Support & Social Services		Cemeteries			Yes	Other Assets	Cemeteries		45 327	6 380	967	750	27 609	15 109
Vote 5 - Dept 008 - Office of the Municipal Manager					Yes				-	-	-	-	-	-
Vote 6 - Dept 009 - Office of the Speaker					Yes				-	-	-	-	-	-
Vote 7 - Dept 010 - Office of the Mayor					Yes				-	-	-	-	-	-
Vote 8 - Dept 013 - Community Support & Social Services		Tractor Lawn Mower			Yes	Other Assets	Plant & equipment		-	-	-	-	-	-
Vote 9 - Dept 014 - Municipal Works - Public Works		Electrification of households			Yes	Infrastructure - Electricity	Transmission & Reticulation		-	2 585	9 780	5 000	-	-
Vote 10 - Dept 015 - Municipal Works - Water Services		Bulk water, Reservoirs, Water reticulation			Yes	Infrastructure - Water	Reticulation		174 000	152 835	276 885	511 563	863 500	58 000
Vote 11 - Dept 016 - Municipal Works - Roads		Paving & Tarring of roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		544 800	110 856	102 991	75 070	202 600	181 600
Vote 12 - Dept 017 - Municipal Works - Refuse Removal		Dumping sites, refuse trucks			Yes	Other Assets	Waste Management		12 600	2 057	7 300	4 500	4 500	4 200
Vote 13 - Dept 018 - Municipal Works - Sanitation		Sewerage plant, reticulation				Infrastructure - Sanitation	Sewerage purification		22 500	18 267	13 000	60 200	108 500	7 500
Vote 14 - Dept 020 - Municipal Works - PMU						Other	Other		48 000	7 192	40 561	40 700	52 500	16 000
									-					
Parent Capital expenditure	1								988 227	308 571	482 649	740 983	1 337 309	329 409

Table 53 MBRR SA37 - Projects delayed from previous financial year

MP325 Bushbuckridge - Supporting Table SA37 Projects delayed from previous financial year/s												
Municipal Vote/Capital project	Ref.	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year 2014/15		2015/16 Medium Term Revenue &		
	1,2						Year	Original Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
Parent municipality:												
<i>List all capital projects grouped by Municipal Vote</i>				<i>Examples</i>	<i>Examples</i>							
Vote 3 - Dept 005 - Economic Development, Planning & Infrastructure		Formalisation / Land tenure different areas		<i>Other Assets</i>	<i>Other Land</i>		2015	12 619	1 500	5 500	5 450	8 000
Vote 10 - Dept 015 - Municipal Works - Water		Water reticulations in different areas		<i>Infrastructure - Water</i>	<i>Transmission & Reticulation</i>		2015	87 000	-	47 000	169 000	22 000
Vote 13 - Dept 018 - Municipal Works - Sewerage		Rural sanitation projects / VIP Toilets		<i>Infrastructure - Sanitation</i>	<i>Waste Management</i>		2015	1 000	-			

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been fully established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document will be finalised and be directly aligned and informed by the 2016/17 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.14 Other supporting documents

Table 54 MBRR Table SA1 - Supporting detail to budgeted financial performance

MP325 Bushbuckridge - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
REVENUE ITEMS:										
Property rates	6									
Total Property Rates		294 916	59 345	165 184	176 966	176 966	176 966	185 814	196 963	208 781
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>		56 995	3 544	4 934	5 100	5 100	5 100	5 814	6 163	6 533
Net Property Rates		237 921	55 801	160 250	171 866	171 866	171 866	180 000	190 800	202 248
Service charges - electricity revenue	6									
Total Service charges - electricity revenue										
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>										
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		-	-	-	-	-	-	-	-	-
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue	6									
Total Service charges - water revenue		22 046	22 046	27 317	42 966	42 966	42 966	38 121	40 314	42 329
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>		366	366	440	564	564	564	593	622	653
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		-	-	-	-	-	-	-	-	-
Net Service charges - water revenue		21 680	21 680	26 877	42 401	42 401	42 401	37 528	39 691	41 676
Service charges - sanitation revenue										
Total Service charges - sanitation revenue		2 549	2 285	3 053	2 989	2 989	2 989	3 277	3 295	3 460
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>		1	2	1	51	51	51	54	57	59
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>		-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue		2 547	2 284	3 052	2 937	2 937	2 937	3 223	3 238	3 400
Service charges - refuse revenue	6									
Total refuse removal revenue		4 488	4 391	5 865	6 081	6 081	6 081	6 492	6 704	7 039
Total landfill revenue										
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>										
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>		-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue		4 488	4 391	5 865	6 081	6 081	6 081	6 492	6 704	7 039
Other Revenue by source										
<i>List other revenue by source</i>										
Plans approvals, Business & Residentials		111	-	66	510	510	510	536	562	590
Purchase Instalments & Database Registration		3	-	76	680	680	680	84	88	93
Billboards, Rumble removal & Sundry income		231	85	1 619	404	404	404	428	454	481
Tender Documents		675	-	51	400	450	450	477	506	536
Disposal of containers and Site Transfer fee		60	-	44	110	110	110	805	853	904
Photocopies, Proof of Residence & Admin Fee		321	-	385	409	759	759	805	853	904
LG Seta, Amendment of Names, Cemetery, Bond fee, reconnection fee		955	664	1 492	1 444	1 444	1 444	1 530	1 622	1 719
library membership fee and fines			-	6	20	20	20	22	23	24
Total 'Other' Revenue	3									
	1	2 355	749	3 739	3 977	4 377	4 377	4 686	4 961	5 251

EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	2	132 411	153 986	198 858	200 351	210 351	210 351	222 000	233 100	244 755
Pension and UIF Contributions		25 301	28 399	35 697	38 500	41 500	41 500	42 886	45 030	47 282
Medical Aid Contributions		7 344	8 571	10 039	8 910	11 310	11 310	11 700	12 285	12 899
Overtime		1 957	3 261	2 604	1 760	1 760	1 760	1 800	1 890	1 985
Performance Bonus		—	—	—	1 870	3 870	3 870	3 000	3 150	3 308
Motor Vehicle Allowance		8 155	5 776	6 189	10 120	12 620	12 620	13 000	13 650	14 333
Cellphone Allowance		—	—	—	—	—	—	—	—	—
Housing Allowances		2 560	2 367	2 269	2 809	2 809	2 809	2 950	3 068	3 191
Other benefits and allowances		21 367	16 529	23 522	29 387	29 987	29 987	28 494	29 919	31 415
Payments in lieu of leave		782	6 224	—	589	789	789	820	853	887
Long service awards		—	—	1 972	6 000	9 000	9 000	8 000	8 400	8 820
Post-retirement benefit obligations	4	—	—	—	—	—	—	—	—	—
sub-total	5	199 878	225 112	281 150	300 295	323 995	323 995	334 650	351 345	368 873
Less: Employees costs capitalised to PPE		—	—	—	—	—	—	—	—	—
Total Employee related costs	1	199 878	225 112	281 150	300 295	323 995	323 995	334 650	351 345	368 873
Contributions recognised - capital										
Total Contributions recognised - capital		—	—	—	—	—	—	—	—	—
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment		52 276	68 393	76 511	43 000	43 000	43 000	45 150	47 408	49 778
Lease amortisation		—	—	—	—	—	—	—	—	—
Capital asset impairment		—	—	—	—	—	—	—	—	—
Depreciation resulting from revaluation of PPE	10	—	—	—	—	—	—	—	—	—
Total Depreciation & asset impairment	1	52 276	68 393	76 511	43 000	43 000	43 000	45 150	47 408	49 778
Bulk purchases										
Electricity Bulk Purchases		—	—	—	—	—	—	—	—	—
Water Bulk Purchases		123 289	133 067	208 977	171 820	171 820	171 820	185 000	199 800	215 784
Total bulk purchases	1	123 289	133 067	208 977	171 820	171 820	171 820	185 000	199 800	215 784
Transfers and grants										
Cash transfers and grants		47 638	39 454	14 872	23 046	23 046	23 046	11 120	12 587	13 217
Non-cash transfers and grants		—	—	—	—	—	—	—	—	—
Total transfers and grants	1	47 638	39 454	14 872	23 046	23 046	23 046	11 120	12 587	13 217
Contracted services										
<i>List services provided by contract</i>		2 342	—	—	—	—	—	—	—	—
Data Cleansing		—	709	13	2 000	500	500	525	551	579
Collection Costs		—	—	—	—	—	—	525	551	579
Implementation of Pastel system		4 299	5 765	4 780	5 500	4 500	4 500	3 000	4 961	5 209
Revenue Management		—	—	—	—	—	—	—	—	—
Asset Register and verification		1 638	3 006	723	1 650	1 150	1 150	1 208	1 268	1 331
Devolution of Property Rates Expenses		—	—	—	—	—	—	—	—	—
Property Valuation Roll		797	1 470	804	1 650	1 150	1 150	1 208	1 268	1 331
Insurance Motor Vehicles Building and stores		4 625	4 927	5 267	5 720	6 220	6 220	6 350	6 858	7 200
Security Services		9 640	20 808	22 053	22 000	22 000	22 000	23 000	24 255	25 468
Executive Mayors Security		293	337	464	451	451	451	474	498	523
PMU Consultant		6 279	9 361	6 033	—	—	—	—	—	—
Commission Traffic Fines		1 047	711	—	1 100	1 100	1 100	770	785	812
sub-total	1	30 959	47 093	40 138	40 071	37 071	37 071	37 059	40 995	43 032
Allocations to organs of state:										
Electricity		—	—	—	—	—	—	—	—	—
Water		—	—	—	—	—	—	—	—	—
Sanitation		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Total contracted services		30 959	47 093	40 138	40 071	37 071	37 071	37 059	40 995	43 032
Other Expenditure By Type										
Collection costs		—	855	221	1 650	1 650	1 650	855	1 819	1 910
Contributions to 'other' provisions		—	—	—	—	—	—	—	—	—
Consultant fees		—	—	—	—	—	—	—	—	—
Audit fees		2 233	2 487	5 661	4 290	4 290	4 290	4 505	4 730	4 966
General expenses	3	—	—	—	—	—	—	—	—	—
<i>List Other Expenditure by Type</i>		—	—	—	463	44	44	—	—	—
Budget & Treasury Operational Expenditures		824	795	1 975	3 585	4 085	4 085	5 889	6 183	6 492
Corporate Services Operational Expenses		22 879	24 861	1 947	29 928	28 828	28 828	—	—	—
EDPE Operational Expenses		1 178	1 624	3 009	19 974	16 689	16 689	12 151	12 398	15 446
Community Services Operational Expenses		12 517	2 628	3 489	15 759	16 238	16 238	18 868	21 519	22 774
Office of the MM Operational Expenses		694	1 694	1 947	5 426	5 426	5 426	6 950	7 297	7 662
Office of the Speaker Operational Expenses		838	513	672	1 635	1 395	1 395	1 800	1 890	1 984
Office of the Mayor Operational Expenses		487	159	472	526	626	626	950	998	1 047
Community Support services - Traffic		3 564	2 641	3 019	7 139	7 385	7 385	6 531	8 100	9 334
Municipal Works - Public Works		6 258	7 561	5 609	4 575	5 275	5 275	2 206	2 169	2 278
Municipal Works - Water		420	1 456	568	808	408	408	428	450	472
Municipal Works - Refuse		612	650	594	1 588	888	888	932	979	1 028
Municipal Works		—	—	—	—	—	—	—	—	—
Total 'Other' Expenditure	1	52 504	47 923	27 238	97 347	93 228	93 228	62 063	68 532	75 394
Repairs and Maintenance by Expenditure Item										
Employee related costs	8	—	—	—	—	—	—	—	—	—
Other materials		—	—	—	—	—	—	—	—	—
Contracted Services		—	—	—	—	—	—	—	—	—

Table 55 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

MP325 Bushbuckridge - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)															
Description	Ref	Vote 1 -	Vote 2 -	Vote 3 -	Vote 4 -	Vote 5 -	Vote 6 -	Vote 7 -	Vote 8 -	Vote 9 -	Vote 10 -	Vote 11 -	Vote 12 -	Vote 13 -	Vote 14 -
R thousand	1	Dept 001 -	Dept 002 -	Dept 005 -	Dept 006 -	Dept 008 -	Dept 009 -	Dept 010 -	Dept 013 -	Dept 014 -	Dept 015 -	Det 016 -	Dept 017 -	Dept 018 -	Dapt 020 -
Revenue By Source															
Property rates		180 000													
Property rates - penalties & collection charges															
Service charges - electricity revenue											-				
Service charges - water revenue											37 528				
Service charges - sanitation revenue														3 223	
Service charges - refuse revenue													6 492		
Service charges - other															
Rental of facilities and equipment			1 018												
Interest earned - external investments		11 893													
Interest earned - outstanding debtors		26 000													
Dividends received															
Fines									2 625						
Licences and permits									17 767						
Agency services									9 550						
Other revenue		84	4 044	-	22					536					
Transfers recognised - operational		652 888													
Gains on disposal of PPE		525													
Total Revenue (excluding capital transfers and contributions)		871 390	5 062	-	22	-	-	-	29 941	536	37 528	-	6 492	3 223	-
Expenditure By Type															
Employee related costs			334 650												
Remuneration of councillors							31 841								
Debt impairment		83 000													
Depreciation & asset impairment		-								45 150					
Finance charges		606													
Bulk purchases											185 000				
Other materials		3 255	3 865		650					7 736	15 706	9 935		6 300	
Contracted services								474							
Transfers and grants										8 500	2 100		374	146	
Other expenditure		5 983	40 109	12 151	18 868	6 950	1 800	950	7 301	5 606	428		932		
Loss on disposal of PPE															
Total Expenditure		92 844	378 624	12 151	19 517	6 950	33 641	1 424	7 301	66 992	203 234	9 935	1 307	6 446	-
Surplus/(Deficit)		778 546	(373 562)	(12 151)	(19 495)	(6 950)	(33 641)	(1 424)	22 641	(66 456)	(165 707)	(9 935)	5 185	(3 223)	-
Transfers recognised - capital				300						5 000	291 000				358 773
Contributions recognised - capital															
Contributed assets															
Surplus/(Deficit) after capital transfers & contributions		778 546	(373 562)	(11 851)	(19 495)	(6 950)	(33 641)	(1 424)	22 641	(61 456)	125 293	(9 935)	5 185	(3 223)	358 773

Table 56 MBRR Table SA3 – Supporting detail to Statement of Financial Position

MP325 Bushbuckridge - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
ASSETS										
Call investment deposits										
Call deposits < 90 days										
Other current investments > 90 days										
Total Call investment deposits	2	-	-	-	-	-	-	-	-	-
Consumer debtors										
Consumer debtors		271 135	387 246	687 857	1 350 000	1 350 000	1 350 000	1 589 000	1 747 900	1 922 690
Less: Provision for debt impairment		(116 715)	(229 297)		(926 000)	(926 000)	(926 000)	(125 000)	(137 500)	(151 250)
Total Consumer debtors	2	154 419	157 949	687 857	424 000	424 000	424 000	1 464 000	1 610 400	1 771 440
Debt impairment provision										
Balance at the beginning of the year		290 868								
Contributions to the provision		152 038								
Bad debts written off										
Balance at end of year		442 906	-	-	-	-	-	-	-	-
Property, plant and equipment (PPE)										
PPE at cost/valuation (excl. finance leases)		1 874 782	1 853 438	2 012 202	3 565 800	3 565 800	3 565 800	4 102 000	4 155 326	4 209 345
Leases recognised as PPE	3									
Less: Accumulated depreciation		211 716			919 000	919 000	919 000	1 017 000	1 149 210	1 298 607
Total Property, plant and equipment (PPE)	2	1 663 066	1 853 438	2 012 202	2 646 800	2 646 800	2 646 800	3 085 000	3 006 116	2 910 738
LIABILITIES										
Current liabilities - Borrowing										
Short term loans (other than bank overdraft)										
Current portion of long-term liabilities										
Total Current liabilities - Borrowing		-	-	-	-	-	-	-	-	-
Trade and other payables										
Trade and other creditors		423 331	596 800	524 088	379 000	379 000	379 000	313 000	326 000	339 000
Unspent conditional transfers		151 207	4 541	64 767	75 000	30 000	30 000	25 000	27 500	31 000
VAT										
Total Trade and other payables	2	574 538	601 340	588 856	454 000	409 000	409 000	338 000	353 500	370 000
Non current liabilities - Borrowing										
Borrowing	4									
Finance leases (including PPP asset element)										
Total Non current liabilities - Borrowing		-	-	-	-	-	-	-	-	-
Provisions - non-current										
Retirement benefits										
List other major provision items										
Refuse landfill site rehabilitation		18 111	19 560		16 231	16 231	16 231	17 254	18 100	18 654
Other				116 044				113 000	124 000	136 000
Total Provisions - non-current		18 111	19 560	116 044	16 231	16 231	16 231	130 254	142 100	154 654
CHANGES IN NET ASSETS										
Accumulated Surplus/(Deficit)										
Accumulated Surplus/(Deficit) - opening balance		1 141 297	1 319 189		2 877 152	2 877 152	2 877 152	2 903 254	3 106 482	3 323 936
GRAP adjustments										
Restated balance		1 141 297	1 319 189	-	2 877 152	2 877 152	2 877 152	2 903 254	3 106 482	3 323 936
Surplus/(Deficit)		397 845	429 666	19 945	459 415	369 598	462 626	774 292	562 038	685 602
Appropriations to Reserves										
Transfers from Reserves										
Depreciation offsets										
Other adjustments					460 915	460 915	460 915	447 000	478 290	511 770
Accumulated Surplus/(Deficit)	1	1 539 141	1 748 855	19 945	3 797 482	3 707 665	3 800 693	4 124 546	4 146 809	4 521 308
Reserves										
Housing Development Fund										
Capital replacement										
Self-insurance										
Other reserves										
Revaluation										
Total Reserves	2	-	-	-	-	-	-	-	-	-
March 2016			1 748 855	19 945	3 797 482	3 707 665	3 800 693	4 124 546	4 146 809	4 521 308

Table 57 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

MP325 Bushbuckridge - Supporting Table SA9 Social, economic and demographic statistics and assumptions												
Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year 2014/15 Original Budget	2015/16 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome		Outcome	Outcome	Outcome
Demographics												
Population		STATISTICS SA	498	510	541	541	568	597	627	652	678	705
Females aged 5 - 14		STATISTICS SA	38	39	64	64	67	71	74	77	80	84
Males aged 5 - 14		STATISTICS SA	39	38	66	66	69	73	76	79	82	86
Females aged 15 - 34		STATISTICS SA	17	16	107	107	113	118	124	129	134	140
Males aged 15 - 34		STATISTICS SA	10	11	93	93	97	102	107	112	116	121
Unemployment		STATISTICS SA	49	67	67	67	71	74	78	81	84	87
Monthly household income												
	1, 12											
No income		STATISTICS SA	49 816	58 816		75 126	78 882	82 826	86 967	88 968	91 014	93 107
R1 - R1 600		STATISTICS SA	75 814	82 410		95 163	99 921	104 917	110 163	112 697	115 289	117 941
R1 601 - R3 200		STATISTICS SA	8 162	8 872		10 245	10 757	11 295	11 860	12 133	12 412	12 697
R3 201 - R6 400		STATISTICS SA	5 395	5 864		6 772	7 110	7 466	7 839	8 020	8 204	8 393
R6 401 - R12 800		STATISTICS SA	1 161	1 262		1 457	1 530	1 607	1 687	1 726	1 766	1 806
R12 801 - R25 600		STATISTICS SA	196	213		246	258	271	285	291	298	305
R25 601 - R51 200		STATISTICS SA	162	176		203	214	224	235	241	246	252
R52 201 - R102 400		STATISTICS SA	133	145		185	194	204	214	219	224	229
R102 401 - R204 800		STATISTICS SA	252	274		350	367	386	405	414	424	434
R204 801 - R409 600		STATISTICS SA	16	19		41	43	45	47	48	49	50
R409 601 - R819 200		STATISTICS SA	3	4		8	8	8	9	15	15	16
> R819 200		STATISTICS SA		2		4	4	5	5	5	5	5

Table 58 MBRR SA32 – List of external mechanisms

MP325 Bushbuckridge - Supporting Table SA32 List of external mechanisms					
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
VIDO SECURITY SERVICE CC	Yrs	1	SERURITY SERVICES	30 November 2016	6 942
CES SECURITY SERVICES	Yrs	1	MKHUHLU REGIONAL OFFICE	30 November 2016	17 128
MBOVULA SECURITY (PTY)LTD	Yrs	2	ZOEKNOG WATER PLANT (MAJEMBENI)	31 December 2016	1 451
BOTHILA SECURITY	Yrs	1	DOSPAN BOREHOLE	30 November 2016	9 798
MATHATA GENERAL TRADING	Yrs	1	BUSHBUCKRIDGE HEAD OFFICE	30 November 2016	14 193
JUSLO SECURITY SERVICE	Yrs	1	SHATALE REGIONAL OFFICE	30 November 2016	18 179
AFRICAN RENAISSANCE SECURITY SERVICE	Yrs	1	ACORNHOEK REGIONAL OFFICE	30 November 2016	21 153
MAPHETO BUSINESS SERVICES	Yrs	1	THULAMASHHE REGIONAL OFFICE	30 November 2016	14 138
MBOVULA SECURITY (PTY)LTD	Yrs	2	EXCECUTIVE MAYOR'S RESIDENCE	31 December 2016	1 451
KAMIKAZE SECURITY SERVICES			CHIEF NXUMALO RESIDENCE		829
LION OF AFRICA INSURANCE COMPANY	Yrs			31 October 2016	
R B BROKERS(INSURANCE)	1 YEAR				

2.15 Municipal manager's quality certificate

I, Administrator of Bushbuckridge Local Municipality, hereby certify that the annual draft budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

PRINT NAME : _____

MUNICIPAL MANAGER:

Bushbuckridge Local Municipality (MP325)

Signature : _____

Date : _____